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If you are in doubt as to any aspect of this circular or as 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 **Samson Paper Holdings Limited**, you should at once hand this circular 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.



SAMSON PAPER HOLDINGS LIMITED

森信紙業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 731)

**AMENDMENTS TO THE BYE-LAWS
IN RELATION TO THE PROPOSED OPEN OFFER,
BONUS ISSUE OF WARRANT AND
NOTICE OF SPECIAL GENERAL MEETING**

The Company will convene the SGM at Strategic Financial Relations Ltd., Room 3203, 32/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong on 24 October 2008 at 10:00 a.m., at which the increase of authorised share capital, the redesignation of a portion of the unissued share capital into CP Shares, the corresponding amendments to the Bye-Laws and the issue of the bonus Warrants will be considered. The notice of SGM, together with the reply slip and proxy form, are enclosed herein. Whether or not you intend to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the principal place of business of the Company in Hong Kong at 3rd Floor, Seapower Industrial Centre, 177 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

* *For identification purpose only*

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DEFINITIONS

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

“Act”	the Companies Act 1981 of Bermuda as modified from time to time
“Announcement”	the announcement of the Company dated 24 September 2008 relating to the Open Offer, the Bonus Warrant Issue and the amendments to the Bye-Laws
“Application Form(s)”	the form(s) of application in respect of the Open Offer to be issued to the Qualifying Shareholders
“Bonus Warrant Issue”	the conditional bonus issue of Warrants by the Company to the Qualifying Shareholders as described in this circular
“Board”	the board of Directors
“Business Day”	a day on which licensed banks generally are open for business in Hong Kong
“Bye-Laws”	the bye-laws of the Company for the time being in force
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Samson Paper Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the issued Ordinary Shares of which are listed on the main board of the Stock Exchange
“Continuing Notice”	the notice required to be served by the holders of CP Shares to the Company on or before the end of business on the Maturity Date so that the relevant CP Shares will not be mandatorily converted on the Maturity Date
“CP Share(s)”	the 143,086,013 convertible non-voting preference share(s) of HK\$0.10 each in the authorised share capital of the Company created by the reclassification and re-designation of HK\$14,308,601.30 of the authorised but unissued share capital of the Company having the special rights and restrictions as more particularly set out in the section headed “Terms of the CP Shares” in this circular
“Directors”	the directors of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	26 September 2008, being the latest practicable date for ascertaining certain information contained in this circular
“Listing Rules”	the Rules governing the listing of securities on the Stock Exchange
“Maturity Date”	31 March 2009, being the date when all outstanding CP Shares will be mandatorily converted into Ordinary Shares of the Company unless previously redeemed, purchased and cancelled, converted or that a Continuing Notice has been previously served and delivered to the Company
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) whom the Board, after making enquiry, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant overseas places or the requirements of the relevant regulatory bodies or stock exchanges in those places not to offer the Offer CP Shares and not to issue the Warrants to them
“Offer CP Shares”	CP Shares proposed to be issued under the Open Offer
“Ordinary Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Ordinary Shareholders”	holders of Ordinary Shares
“Open Offer”	the proposed issue by the Company of the Offer CP Shares by way of open offer to Qualifying Shareholders on the basis of an assured allotment of one Offer CP Share for every three existing Ordinary Shares held on the Record Date at the Subscription Price
“Overseas Shareholder(s)”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date or the Warrant Record Date (as the case may be) and whose address(es) as shown in the register of members of the Company on that date is/are outside Hong Kong
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer and the Bonus Warrant Issue
“Prospectus Documents”	the Prospectus and the Application Forms

DEFINITIONS

“Qualifying Shareholder(s)”	the Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date
“Quinselle” or “Underwriter”	Quinselle Holdings Limited, a company incorporated in the British Virgin Islands which is, as at the date of this circular, interested in approximately 51.16% of the issued Shares of the Company
“Record Date”	Friday, 24 October 2008, being the record date for determining entitlements to participate in the Open Offer
“Registrar”	Computershare Hong Kong Investor Services Limited, the branch share register and warrant registrar of the Company, whose registered office is situated at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“SGM”	the special general meeting of the Company to be held on 24 October 2008 at 10:00 a.m. at Strategic Financial Relations Ltd., Room 3203, 32/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong
“Shares”	shares of HK\$0.10 each in the capital of the Company (whether Ordinary Shares or CP Shares)
“Shareholders”	the holders of Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription Price”	the Subscription price of HK\$0.7 per Offers CP Share
“Underwriting Agreement”	the underwriting agreement dated 24 September 2008 and entered into between the Company, the Underwriter and Mr. Lee Seng Jin in relation to the Open Offer
“Warrant(s)”	warrants to be constituted by an instrument by way of deed poll to be executed by the Company and to be issued by the Company under the Bonus Warrant Issue entitling the holders to subscribe for not less than 71,543,006 new Ordinary Shares and not more than 95,390,675 new Ordinary Shares at an initial subscription price of HK\$0.8 per Ordinary Share (subject to adjustments)
“Warrant Record Date”	Friday, 28 November 2008, being the record date for determining entitlements to participate in the Bonus Warrant Issue

EXPECTED TIMETABLE FOR THE OPEN OFFER AND THE BONUS WARRANT ISSUE

The expected timetable for the Open Offer and the Bonus Warrant Issue is set out below:

2008

- Last day of dealings in Shares on a cum-entitlements basis for the Open Offer Wednesday, 15 October
- First day of dealings in Shares on an ex-entitlements basis for the Open Offer Thursday, 16 October
- Latest time for lodging transfers of Shares in order to qualify for the Open Offer 4:30 p.m. on Friday, 17 October
- Book closure period (both days inclusive) Monday, 20 October to Friday, 24 October
- Record Date Friday, 24 October
- Prospectus Documents to be despatched on Monday, 27 October
- Latest time for acceptance of and payment for Offer CP Shares 4:30 p.m. on Wednesday, 12 November
- Underwriting Agreement becomes unconditional 6:00 p. m. on Monday, 17 November
- Announcement of results of the Open Offer and excess application Wednesday, 19 November
- Refund cheques in respect of wholly or partially unsuccessful applications for excess Offer CP Shares expected to be despatched on or before Wednesday, 19 November
- Certificates for Offer CP Shares expected to be despatched on or before Wednesday, 19 November
- Last day of dealings in Shares (whether Ordinary Shares or CP Shares) on a cum-entitlements basis for the Bonus Warrant Issue Friday, 21 November
- First day of dealings in Shares on an ex-entitlements basis for the Bonus Warrant Issue Monday, 24 November
- Latest time for lodging transfers of Shares in order to qualify for the Bonus Warrant Issue 4:30 p.m. on Tuesday, 25 November

EXPECTED TIMETABLE FOR THE OPEN OFFER AND THE BONUS WARRANT ISSUE

Book closure period
(both days inclusive) Wednesday, 26 November to
Friday, 28 November

Warrant Record Date Friday, 28 November

Certificates for the Warrants expected
to be despatched on or before Friday, 5 December

Dealings in Warrants to commence on Tuesday, 9 December

Dates or deadlines specified in this circular for events in the timetable for (or otherwise in relation to) the Open Offer and the Bonus Warrant Issue are indicative only and may be extended or varied by the Company. Any changes to the anticipated timetable for the Open Offer and the Bonus Warrant Issue will be published or notified to Shareholders as appropriate.



SAMSON PAPER HOLDINGS LIMITED

森信紙業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 731)

Executive Directors:

Mr. Sham Kit Ying (*alias Sham Kit*) (*Chairman*)
Mr. Lee Seng Jin (*Deputy Chairman*)
Mr. Chow Wing Yuen
Ms. Sham Yee Lan, Peggy
Mr. Lee Yue Kong, Albert

Non-Executive Director:

Mr. Lau Wang Yip, Eric

Independent Non-Executive Directors:

Mr. Pang Wing Kin, Patrick
Mr. Tong Yat Chong
Mr. Ng Hung Sui, Kenneth

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

*Head office and principal place of
business in Hong Kong*

3rd Floor
Seapower Industrial Centre
177 Hoi Bun Road
Kwun Tong
Kowloon
Hong Kong

29 September 2008

To the Shareholders,

**AMENDMENTS TO THE BYE-LAWS
IN RELATION TO THE PROPOSED OPEN OFFER,
BONUS WARRANT ISSUE AND
NOTICE OF SPECIAL GENERAL MEETING**

It was announced on 24 September 2008 that the Directors proposed to make an Open Offer and a Bonus Warrant Issue to the Shareholders (excluding the Overseas Shareholders) whose names appear on the Company's register of members on the Record Date and the Warrant Record Date respectively, and to amend the Bye-Laws of the Company accordingly.

The purpose of this circular is to provide you with the background information and information regarding the proposed amendments to the Bye-Laws and the Bonus Warrant Issue, which have been approved by the Board, and to give you notice of the SGM.

* *For identification purpose only*

LETTER FROM THE BOARD

BACKGROUND INFORMATION FOR THE AMENDMENTS TO THE BYE-LAWS

Open Offer

The Company proposes to raise approximately HK\$100.2 million, before expenses, by issuing not less than 143,086,013 Offer CP Shares by way of Open Offer at a price of HK\$0.7 per Offer CP Share with an assured allotment of one Offer CP Share for every three existing Ordinary Shares held on the Record Date. The Open Offer will be available only to the Qualifying Shareholders.

Issue Statistics

Basis of Open Offer	:	Assured allotments of one Offer CP Share for every three existing Ordinary Shares held on the Record Date
Number of existing Ordinary Shares in issue	:	429,258,039 Ordinary Shares
Number of Offer CP Shares to be issued under the Open Offer	:	143,086,013 Offer CP Shares
Subscription Price for the Offer CP Shares	:	HK\$0.7 per Offer CP Share
Underwriter	:	Quinselle, the substantial shareholder of the Company

As at the Latest Practicable Date, no option has been granted under the Share Option Scheme and therefore the Company has no outstanding options, convertible securities or warrants which confer the right to subscribe for the Shares.

Qualifying Shareholders:

The Company will send the Prospectus Documents to Qualifying Shareholders only.

To qualify for the Open Offer, a Shareholder must on the Record Date:

- be registered as a member of the Company; and
- not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificate(s)) with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. (Hong Kong time) on Friday, 17 October 2008.

LETTER FROM THE BOARD

TERMS OF THE CP SHARES

HK\$14,308,601.30 of the authorised but unissued share capital of the Company will be reclassified and designated into 143,086,013 CP Shares of HK\$0.10 each in the capital of the Company having certain special rights and restrictions.

The CP Shares will not be listed on the Stock Exchange or any other stock market. However, the Company will apply for the listing on the Stock Exchange of the Ordinary Shares issuable upon the exercise of the conversion rights of the CP Shares.

The following is a summary of the special rights and restrictions to be attached to the CP Shares:

(1) Voting and General meetings

The holders of CP Shares will be entitled to receive notice of every general meeting of the Company but will not be entitled (i) to vote upon any resolution unless it is a resolution for winding-up the Company or reducing its share capital in any manner or a resolution modifying, varying or abrogating any of the special rights attached to the CP Shares or (ii) to attend or speak at any general meeting of the Company unless the business of the meeting includes the consideration of a resolution upon which the holders of CP Shares are entitled to vote.

(2) Conversion

- (a) Unless previously redeemed, cancelled or converted, each holder of CP Shares will be entitled to convert in respect of the whole or any part of its CP Shares into fully paid Ordinary Shares on the basis of one Ordinary Share for every CP Share at any time after the date of issue of the CP Shares upon the giving of a conversion notice in such form as the Directors may from time to time prescribe.
- (b) If the Continuing Notice is served before the end of business on the Maturity Date, the relevant CP Shares will not be subject to mandatory conversion.
- (c) At the end of business on the Maturity Date, unless previously redeemed, purchased and cancelled, converted or that a Continuing Notice has been served and delivered to the Company, all CP Shares will be mandatorily converted into Ordinary Shares by the Company.
- (d) The Dividend (as defined herein after) entitlement attaching to any CP Shares will cease to apply with effect from the date of conversion. Ordinary Shares arising on conversion shall rank *pari passu* in all respects with Ordinary Shares, including the rights to receive any dividends and other distributions declared.

LETTER FROM THE BOARD

- (e) So long as the Company remains listed in Hong Kong, the holders of the CP Shares shall not exercise their right to convert the CP Shares into Ordinary Shares of the Company unless at least 25% of the Company's total issued share capital that is listed on the Stock Exchange is at all times held by the public.

(3) Dividend

The holders of CP Shares shall have the same right to dividend payment as to the holders of Ordinary Shares ("Dividend"). Apart from the Dividend, the CP Shares shall not confer on the holders thereof any right to participate in the profits of the Company until conversion into Ordinary Shares.

(4) Transferability

None of the CP Shares will be assignable or transferable without the prior written approval of the Board of the Company. The Company will not apply for a listing of any of the CP Shares on any stock exchange anywhere in the world.

(5) Capital

On a distribution of assets on a winding-up or other return of capital, the surplus assets of the Company remaining after payment of its liabilities will be applied in priority to any payment to the holders of the Ordinary Shares in paying to the holders of the CP Shares a sum equal to (i) the nominal capital paid up or credited as paid up on the CP Shares held by them respectively; and (ii) all arrears (if any) of the Dividend thereon as at (and calculated up to) the date of commencement of the winding up (in the case of a winding up) or the return of capital (in any other case), apart from the aforesaid, the CP Shares will not confer on the holders thereof any further right to participate in the assets of the Company.

(6) Other Provisions

- (a) So long as any CP Shares are not yet redeemed, cancelled or converted, then save with such consent or sanction on the part of the holders of CP Shares as is required for a variation of the rights attached to such shares:
 - (i) If any offer or invitation by way of rights or otherwise or any capital distribution is made to the holders of the Ordinary Shares then (unless the conversion rate (on the basis of one Ordinary Share for every CP Share) falls to be adjusted in consequence of the proposed offer, invitation or capital distribution and the Directors shall have determined to do so) the Company will make or, so far as it is able, procure that there is made at the same time a like offer, invitation or capital distribution to each holder of CP Shares as if its conversion rights had been exercisable and exercised in full on the record date for such offer, invitation or capital distribution (as the case may be) on the basis of the conversion rate then applicable.

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(ii) If an offer is made to the holders of Ordinary Shares (other than the offeror and/or any company controlled by the offeror and/or any persons acting in concert with the offeror) to acquire the whole or any part of the issued ordinary share capital of the Company or if any person proposes a scheme with regard to such acquisition, and the Company becomes aware that the right to cast more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror, the Company will give written notice to all holders of CP Shares of such vesting and each such holder shall be entitled within the period of 3 months from the date of such notice to convert the whole or any part of its CP Shares into fully-paid Ordinary Shares except that the restriction in the first sentence of sub-paragraph (b) below shall not apply.

(b) Any Dividend on the CP Shares remaining unclaimed after a period of 6 years from the date of declaration of such dividend will be forfeited and will revert to the Company.

(7) Adjustments

Save and except for the issue of the Warrants of the Company which is expected to be in December 2008, the number of Ordinary Shares arising on any subsequent conversion of CP Shares will be adjusted if, whilst any CP Shares remain outstanding, (i) the Company shall make any issue of Ordinary Shares by way of capitalisation of profits or reserves (including any share premium account and capital redemption reserve) other than capitalisation of profits or reserves in lieu of cash dividends or in connection with a redemption or conversion of CP Shares to the holders of Ordinary Shares; (ii) there shall be an alteration to the nominal value of Ordinary Shares as a result of a consolidation or sub-division; (iii) the Company shall make any capital distribution to holders of Ordinary Shares; (iv) the Company shall offer to holders of Ordinary Shares as a class new Ordinary Shares by way of rights at a price which is less than the current market price per Ordinary Share (being the average closing prices published in the daily quotation sheet of the Stock Exchange for the five consecutive preceding Business Day) at the date of announcement of the terms of the offer; (v) the Company shall offer to holders of Ordinary Shares as a class, to the public generally or by way of placement any warrants or options (other than pursuant to the share option scheme established by the Company on 26 February 2004) to subscribe for Ordinary Shares.

(8) Redemption

Subject to the provisions of the Act, the Company shall be entitled, at any time after the fifth anniversary of the date of issue of the CP Shares by resolution of the directors of the Company to redeem all or any of the CP Shares. There shall be paid on each CP Share redeemed a sum equal to (i) the subscription price thereof and (ii) all arrears (if any) of the Dividend thereon. As from the Redemption Date such Dividend shall cease to apply.

LETTER FROM THE BOARD

AMENDMENTS TO THE BYE-LAWS

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$80,000,000 comprising 800,000,000 Shares, of which 429,258,039 Shares have been issued and are fully paid. To meet the needs of the Open Offer and Bonus Warrant Issue, special resolutions and ordinary resolution are proposed to approve the increase of authorised share capital of the Company from HK\$80,000,000 to HK\$160,000,000 by the creation of an additional 800,000,000 Ordinary Shares, the creation of the CP Shares by the redesignation of a portion of the unissued Ordinary Shares into CP Shares, the corresponding amendments to the Bye-Laws of the Company to reflect the terms of the CP Shares, and the issue of the CP Shares and the Warrants. Subsequent to the proposed issuance of the CP Shares and the Bonus Warrant Issue, and assuming that the CP Shares are fully subscribed and issued and new Ordinary Shares are fully subscribed and issued pursuant to the Warrants, the remaining balance of the authorised but unissued share capital of the Company will be reduced from HK\$117,074,196.1 to HK\$93,226,527.3.

Subject to the Open Offer, the Bonus Warrant Issue and Shares to be issued upon the exercise of the conversion rights and subscription rights attaching to the Open Offer and Warrants, the Company has no present intention to issue any part of the increased capital if the proposed increase in authorised share capital is approved at the SGM.

The full text of the amendments to the Bye-Laws that are proposed is set out in the notice of SGM on pages 27 to 38 of this circular. As at the Latest Practicable Date, none of the Shareholders had any interest that is different from the other Shareholders and therefore no Shareholder is required to abstain from voting in respect of the proposed resolutions approving the Warrants.

BONUS WARRANT ISSUE

Basis of Bonus Warrant Issue

The Board also proposes that the issue of bonus Warrants be granted to the Shareholders whose names appear on the register of members of the Company on the Warrant Record Date and whose addresses in the register of members of the Company are in Hong Kong on the basis of one Warrant for every six Shares (whether Ordinary Shares or CP Shares) held on the Warrant Record Date. Each unit of Warrant will entitle its holder to subscribe for one new Ordinary Share. The Bonus Warrant Issue is separated from the proposed Open Offer and the Bonus Warrant Issue is not to be granted as part of the proposed Open Offer. If the conditions of the Open Offer are not fulfilled and the Open Offer is thus lapsed, the Bonus Warrant Issue will still proceed.

Number of Warrants to be issued

Based on 429,258,039 Ordinary Shares in issue as at the Latest Practicable Date and the 143,086,013 Offer CP Shares to be issued under the proposed Open Offer, the total number of Warrants to be issued will be not less than 71,543,006 units (assuming that the Open Offer does not proceed) and not more than 95,390,675 units (assuming that the Open Offer does proceed and the issued share capital is thus enlarged), entitling the holders

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thereof to subscribe for not less than 71,543,006 Ordinary Shares and not more than 95,390,675 Ordinary Shares. Assuming that no adjustment is made to the initial subscription price, exercise in full of such Warrants will result in the issue of not less than 71,543,006 new Ordinary Shares and not more than 95,390,675 new Ordinary Share, representing not less than 16.7 per cent and not more than 22.2 per cent of the existing issued share capital of the Company and approximately not less than 14.3 per cent and not more than 18.2 per cent of the existing issued share capital of the Company as enlarged by the issue of new Ordinary Shares on exercise of the subscription rights attaching to the Warrants and, on the basis of the initial subscription price of HK\$0.8 per Ordinary Share, the receipt by the Company of not less than approximately HK\$57.2 million and not more than approximately HK\$76.3 million before deduction of expenses. However, the maximum number of Warrants to be issued will not exceed 20% of the number of the then issued Shares at the time the Warrants are issued.

Quinselle and Mr. Lee Seng Jin, its controlling shareholder, have confirmed to the Company that if it is foreseeable that they will hold more than 75% of the Warrants upon issue, they will place down the excess Warrants before listing so as to ensure that at least 25% of the Warrants will be held by the public at the time of listing. The Stock Exchange has indicated that it will not grant the listing of, and permission to deal in, the Warrants if there will be insufficient public float of the Warrants at the time of listing.

The Bonus Warrant Issue will not be registered or filed under the applicable securities legislation of any jurisdiction outside Hong Kong and Bermuda. As the Directors are of the view that the offer or issue of Warrants to Overseas Shareholders would or might, in the absence of compliance with registration or other special formalities in other territories, be unlawful or impracticable, no offer or issue of such Warrants will be made to any Overseas Shareholders. Arrangements will be made for the Warrants which would otherwise have been issued to the Overseas Shareholders to be sold in the market as soon as practicable after dealings in the Warrants commence, if a premium, net of expenses, can be obtained. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to such persons in proportion to their shareholdings and remittances therefrom will be posted to them at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100, in which case it will be retained for the benefit of the Company.

The Bermuda Monetary Authority has granted its approval for the issue of the Warrants and any Ordinary Shares falling to be issued upon the exercise of the subscription rights attaching to the Warrants. In granting such approval, the Bermuda Monetary Authority accepts no responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed in this circular or any of the documents referred to herein.

Fractional entitlements to the Warrants will not be issued to Shareholders but will be retained by the Company, aggregated and sold in the market as soon as practicable, with the net proceeds retained for the benefit of the Company.

A summary of the terms and conditions of the Warrant, including circumstances in which the subscription price may be adjusted, is set out in Appendix to this circular.

LETTER FROM THE BOARD

Comparison of prices

The initial subscription price of HK\$0.8 per Ordinary Share presents:

- (a) a premium of approximately 27.0% over the closing price of Shares of HK\$0.63 per Share, as quoted on the Stock Exchange on 24 September 2008, being the date of the Announcement;
- (b) a premium of approximately 23.1% over the average closing price of approximately HK\$0.65 per Share, being the average closing price of Shares as quoted on the Stock Exchange for the 10 days up to and including the date of the Announcement;
- (c) a premium of approximately 29.0% over the closing price of Shares of HK\$0.62 per Share, as quoted on the Stock Exchange on the Latest Practicable Date; and
- (d) a premium of approximately 27.0% over the average closing price of approximately HK\$0.63 per Share, being the average closing price of Shares as quoted on the Stock Exchange for the 10 trading days up to and including the Latest Practicable Date.

Conditions

The proposed Bonus Warrant Issue will be conditional on the following:

- 1. The passing of an ordinary resolution by the Shareholders to approve the Bonus Warrant Issue at the SGM; and
- 2. The Listing Committee of the Stock Exchange granting or agreeing to grant listing of, and permission to deal in, the Warrants and any Ordinary Shares which fall to be issued upon the exercise of the subscription rights attaching to the Warrants.

The Warrants are expected to be issued on Friday, 5 December 2008 after these conditions have been fulfilled.

Reasons for the Open Offer and the Bonus Warrant Issue and Use of Proceeds

The Board believes that the Open Offer and the Bonus Warrant Issue will provide Shareholders with an opportunity to further participate in the future growth of the Company. The Open Offer and the Bonus Warrant Issue will also strengthen the equity base of the Company and increase the Company's working capital and satisfy part of the capital expenditure of the production line of the Group in Shandong Province, the PRC, if and when the proceeds received from the Open Offer. At the same time the Open Offer and the Bonus Warrant Issue also allow the Shareholders to maintain their shareholdings in the Company if they so wish.

The net proceeds of the Open Offer is currently estimated to be approximately HK\$100.2 million and the net proceeds of the Bonus Warrant Issue is currently estimated to be approximately not less than HK\$57.2 million and not more than HK\$76.3 million

LETTER FROM THE BOARD

assuming full subscription of new Ordinary Shares under the Bonus Warrant Issue. It is intended that 50% of the net proceeds from the Open Offer will be used to finance capital expenditure of the production line of the Group in Shandong Province, the PRC, with the remaining 50% to be used for general working capital purpose whereas the net proceeds from the Bonus Warrant Issue will be used for general working capital purpose.

Closure of register of members

The register of members of the Company in Hong Kong will be closed from Wednesday, 26 November 2008 to Friday, 28 November 2008 (both days inclusive) in order to determine entitlements to Bonus Warrant Issue, during which period no transfers of Shares can be registered. The last day of dealings in Shares on a cum-entitlements to the Bonus Warrant Issue will be on Friday, 21 November 2008.

To qualify for the Bonus Warrant Issue, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Registrar for registration not later than 4:30 p.m. on Tuesday, 25 November 2008.

Listings and Dealings

Application will be made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Warrants and any Ordinary Shares falling to be issued upon the exercise of the subscription rights attaching to the Warrants. Dealings in Warrants are expected to commence on Tuesday, 9 December 2008. The Warrants will be traded in board lots of 14,000 Warrants or Warrants carrying aggregate subscription rights of not less than approximately HK\$57.2 million and not more than approximately HK\$76.3 million before deduction of expenses for Ordinary Shares at an subscription price of HK\$0.8 per Ordinary Share (subject to adjustment).

It is expected that certificates for the Warrants will be posted to those entitled thereto (other than Overseas Shareholders) at their own risk on or before Friday, 5 December 2008. In the case of joint Shareholders, the Warrants will be posted to the address of the first-named Shareholder on the register of members of the Company.

Subject to the granting of listing of, and permission to deal in, the Warrants and any Ordinary Shares falling to issued upon the exercise of the Warrants on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Warrants and any Ordinary Shares falling to be issued upon the exercise of the Warrants will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Warrants on the Stock Exchange or such other date as shall be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time.

No part of the share capital of the Company nor any of the Warrants is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

LETTER FROM THE BOARD

Dealings in Warrants registered on the Company's register of holders of Warrants maintained in Hong Kong and dealings in any Ordinary Shares which fall to be issued upon exercise of the subscription rights attaching to the Warrants will be subject to Hong Kong stamp duty.

SPECIAL GENERAL MEETING

At the SGM notice, you will find the special resolutions and ordinary resolution which will be proposed to approve the increase of authorized share capital, the redesignation of a portion of the unissued share capital, the corresponding amendments to the Bye-Laws and the issue of the bonus Warrants with effect from the conclusion of the SGM.

ACTION TO BE TAKEN

A proxy form for use at the SGM is to be despatched to you with this circular. Whether or not you intend to attend the SGM, you are requested to complete the proxy form and return it to the principal place of business of the Company in Hong Kong at 3rd Floor, Seapower Industrial Centre, 177 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the SGM if they so wish.

PROCEDURE FOR DEMANDING A POLL

Pursuant to Bye-Law 69 of the Bye-Laws, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

- (i) the chairman; or
- (ii) at least 3 members present in person or by proxy or authorised representative for the time being entitled to vote at the meeting; or
- (iii) any member or members present in person or by proxy or authorised representative and holding between them not less than one-tenth of the total voting rights of all the members having the right to attend and vote at the meeting; or
- (iv) any member or members present in person or by proxy or authorised representative and holding shares in the Company conferring a right to attend and 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 the shares conferring that right.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors are of the opinion that the increase of authorised share capital, the redesignation of unissued share capital, the amendments to the Bye-Laws and the issue of the bonus Warrants are in the best interests of the Company and the Shareholders as a whole and recommend you to vote in favour of the relevant special resolutions and ordinary resolution to be proposed at the SGM.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
By order of the Board
SHAM Kit Ying
Chairman

The Warrants will be issued subject to and with the benefit of an instrument by way of deed poll (the “Instrument”) executed by the Company and they will be issued in registered form and will form one class and rank *pari passu* in all respects with each other. On the basis of 429,258,039 Shares in issue at the Latest Practicable Date and 143,086,013 CP Shares to be issued under the proposed Open Offer, the total number of Warrants to be issued will be not less than 71,543,006 units (assuming that the Open Offer does not proceed) and not more than 95,390,675 units (assuming that the Open Offer does proceed and the issued share capital is thus enlarged). Warrants conferring rights to subscribe up to a maximum of not less than HK\$57.2 million and not more than HK\$76.3 million in aggregate for Ordinary Shares, equivalent to the aggregate subscription price for a total of not less than 71,543,006 Ordinary Shares and not more than 95,390,675 Ordinary Shares on the basis of an initial subscription price of HK\$0.8 per Ordinary Share (subject to adjustment), will be in issue immediately upon completion of the Warrants. The Warrants are not renounceable.

The Warrants will represent direct obligations of the Company to holders of Warrants (“Warrantholders”) as described in the Instrument. The following is a summary of the major provisions of the Instrument and of the principal terms and conditions of the Warrants (“Warrant Conditions”) set out on the Warrant certificates. Warrantholders will be entitled to the benefit of, be bound by, and be deemed to have notice of all such terms and conditions and of the provisions of the Instrument, draft copy of which (subject to adjustments) will be available for inspection at the principal place of business for the time being of the Company in Hong Kong on or before 24 October 2008.

1. SUBSCRIPTION RIGHTS

- (a) Each Warrantholder shall have, in respect of the Warrants of which he is the registered holder for the time being, rights (the “Subscription Rights”) which may be exercised in whole or in part, but not in respect of any fraction of an Ordinary Share, at any time for a period of 18 months from the date of issue (which is expected to be on 5 December 2008) up to 4 June 2010 (or such earlier date as provided in the Instrument) (both days inclusive) (the “Subscription Period”) (the date on which any of the Subscription Rights are duly exercised being called a “Subscription Date”) to subscribe in cash the whole or part (in integral multiples of HK\$0.8) of the amount stated on the certificate for such Warrants which a Warrantholder is entitled to subscribe for Ordinary Shares upon exercise of the Subscription Rights represented thereby (the “Exercise Moneys”), for fully-paid Ordinary Shares at a price of HK\$0.8 per Ordinary Share (subject to adjustment as referred to below) being the “Subscription Price”. Since the Instrument provides that a Subscription Date is to fall on any Business Day during the Subscription Period, the last Subscription Date before the expiry of the Subscription Period will be 4 June 2010. Any Subscription Rights which have not been exercised upon the expiry of the Subscription Period will lapse and thereupon, the Warrants and the Warrant certificates will cease to be valid for any purpose whatsoever.

- (b) The entitlement of Warrantheolders to their Warrants is evidenced by Warrant certificates, each of which contains a subscription form (the “Subscription Form”). In order to exercise his Subscription Rights, a Warrantheolder must complete and sign the Subscription Form (which shall be irrevocable) and deliver the same and the Warrant certificate to the Warrant registrar for the time being of the Company in Hong Kong, together with a remittance for the relevant portion of the Exercise Moneys, being the amount of the Subscription Price for the Ordinary Shares in respect of which the Warrantheolder is exercising his Subscription Rights. In each case compliance must also be made with any exchange control, fiscal or other laws or regulations for the time being applicable.
- (c) No fraction of an Ordinary Share will be allotted but in the event that a Warrantheolder remits subscription moneys in excess of the Subscription Price due for the Ordinary Shares in respect of which he is exercising his Subscription Rights, any such excess will be refunded by the Company to the Warrantheolder, provided always that, if the Subscription Rights attaching to the Warrants represented by one or more Warrant certificates are exercised on the same Subscription Date by the same Warrantheolder then, for the purpose of determining whether any (and if so, what) excess arises, such Subscription Rights shall be aggregated.
- (d) The Company has undertaken in the Instrument that any Ordinary Shares falling to be issued upon the exercise of any of the Subscription Rights attaching to the Warrant(s) represented by the relevant Warrant certificates will be allotted and issued not later than 28 days after the relevant Subscription Date and, taking into account of any adjustment that may have been made as mentioned below, will rank *pari passu* with the fully-paid Ordinary Shares in issue on the relevant Subscription Date and will accordingly entitle the holders to participate in all dividends or other distributions declared, paid or made after the relevant Subscription Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant Subscription Date and notice of the amount and record date for which shall have been given to the Stock Exchange (as defined in the Instrument) prior to the relevant Subscription Date.
- (e) As soon as practicable after the relevant allotment and issue of Ordinary Shares (and in any event not later than 28 days after the relevant Subscription Date) there will be issued free of charge to the Warrantheolder to whom such allotment has been made upon his exercise of any Subscription Rights:
- (i) a certificate for the relevant Ordinary Shares in the name(s) of such Warrantheolder(s);
 - (ii) (if applicable) a balancing Warrant certificate in registered form in the name(s) of such Warrantheolder(s) in respect of any Subscription Rights represented by the relevant Warrant certificate remaining unexercised;

- (iii) (if applicable) a cheque representing the excess (if any) of the amount remitted over the total amount payable in respect of the Subscription Rights being exercised as mentioned in sub-paragraph (c) above; and
- (iv) (if applicable) a relevant deficiency certificate for such number of additional Ordinary Shares as is equal to the difference between the maximum number and the aggregate number of Ordinary Shares which the Company would otherwise have been required to allot had there been sufficient profits and reserves to be applied and to be allotted for the purpose stated in the terms of the Warrant Instrument (“Deficiency Certificate”).

The certificate for Ordinary Shares arising on the exercise of Subscription Rights, the balancing Warrant certificate (if any) and, the cheque in respect of a refund (if any) and the said Deficiency Certificate (if any) will be sent by post at the risk of the said Warrantholder(s) to the address of such Warrantholder(s) (or, in the case of a joint holding, to that one of the joint Warrantholders whose name stands first in the register of Warrantholders).

2. ADJUSTMENTS OF SUBSCRIPTION PRICE

The Instrument contains detailed provisions relating to the adjustment of the Subscription Price. The following is a summary of, and is subject to, the adjustment provisions of the Instrument:

- (a) The Subscription Price shall (except as mentioned in sub-paragraphs (b) and (c) below) be adjusted as provided in the Instrument in each of the following cases (but shall however not be adjusted below the nominal value of Ordinary Shares until the Subscription Right Reserve (as defined in the Instrument) is maintained):
 - (i) an alteration of the nominal amount of each Ordinary Share by reason of any consolidation, subdivision or reclassification;
 - (ii) an issue (other than in lieu of a cash dividend) by the Company of Ordinary Shares credited as fully-paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
 - (iii) a capital distribution (as defined in the Instrument) being made by the Company, whether on a reduction of capital or otherwise, to holders of Ordinary Shares (in their capacity as such);
 - (iv) a grant by the Company to holders of Ordinary Shares (in their capacity as such) of rights to acquire for cash assets of the Company or any of its Subsidiaries (as defined in the Instrument);
 - (v) an offer of new Ordinary Shares for subscription by way of rights, or a grant of options or warrants to subscribe new Ordinary Shares, at a price which is less than 90 per cent of the market price at the date of the announcement of

the terms of the offer or grant (calculated as provided in the Instrument) being made by the Company to holders of Ordinary Shares (in their capacity as such);

- (vi) an issue wholly for cash being made by the Company or any other company of securities convertible into or exchangeable for or carrying rights of subscription for new Ordinary Shares, if in any case the total Effective Consideration (as defined in the Instrument) per new Ordinary Share is less than 90 per cent of the market price at the date of the announcement of the terms of issue of such securities (calculated as provided in the Instrument), or the conversion, exchange or subscription rights of any such issue are altered so that the said total Effective Consideration is less than 90 per cent of such market price;
 - (vii) an issue of Ordinary Shares being made wholly for cash at a price less than 90 per cent of the market price at the date of the announcement of the terms of such issue (calculated as provided in the Instrument); and
 - (viii) the purchase by the Company of Ordinary Shares or securities convertible into Ordinary Shares or any rights to acquire Ordinary Shares (excluding any such purchase made on the Stock Exchange or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong or equivalent authority and the Stock Exchange) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Subscription Price.
- (b) Except as mentioned in sub-paragraph (c) below, no such adjustment as is referred to in sub-paragraph (a)(ii) to (vii) above shall be made in respect of:
- (i) an issue of fully-paid Ordinary Shares upon the exercise of any conversion, exchange or subscription rights attaching to securities convertible into Ordinary Shares or exchangeable for Ordinary Shares or upon the exercise of any rights (including the Subscription Rights) to acquire Ordinary Shares;
 - (ii) an issue by the Company of Ordinary Shares or by the Company or any Subsidiary (as defined in the Instrument) of securities convertible into or exchangeable for or carrying rights to acquire Ordinary Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
 - (iii) an issue of fully-paid Ordinary Shares by way of capitalisation of all or part of the Subscription Right Reserve (as defined in the Instrument) or any similar reserve which has been or may be established pursuant to the terms of issue of any other securities convertible into or exchangeable for or carrying rights to acquire Ordinary Shares;

- (iv) an issue of Ordinary Shares pursuant to a scrip dividend scheme (as defined in the Instrument) where an amount not less than the nominal amount of the Ordinary Shares so issued is capitalised and the market value (calculated as provided in the Instrument) of such Ordinary Shares is not more than 110 per cent of the amount of dividend which holders of Ordinary Shares could elect to or would otherwise receive in cash; or
 - (v) an issue by the Company of Ordinary Shares or by the Company or any Subsidiary of securities convertible into or exchangeable for or carrying rights of subscription for Ordinary Shares pursuant to a Share Option Scheme (as defined in the Instrument).
- (c) Notwithstanding the provisions referred to in sub-paragraphs (a) and (b) above, in any circumstances where the Directors consider that an adjustment to the Subscription Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or with a different time from that provided for under the said provisions, the Company may appoint either (at the option of the Company) an approved merchant bank (as defined in the Instrument) or the Auditors (as defined in the Instrument) to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such approved merchant bank or the Auditors (as the case may be) considers this to be the case, the adjustment will be modified or nullified, or an adjustment made instead of no adjustment, in such manner (including, without limitation, making an adjustment calculated on a different basis) and/or such adjustment shall take effect from such other day and/or time as is certified by such approved merchant bank or the Auditors to be in its opinion appropriate.
- (d) Any adjustment to the Subscription Price will be made to the nearest one cent (HK\$0.005 being rounded up). No adjustment will be made to the Subscription Price in any case in which the amount by which the same would be reduced would be less than one cent and any adjustment which would otherwise then be required will not be carried forward. In no event will an adjustment be made (except on a consolidation of Ordinary Shares into shares of a larger nominal amount each or upon a repurchase of Ordinary Shares) which would increase the Subscription Price.
- (e) Every adjustment to the Subscription Price will be certified by the Auditors or an approved merchant bank and notice of each such adjustment (giving the relevant particulars) will be given to the Warrantholders. Any such certificates of the Auditors and/or approved merchant bank will be available for inspection by the Warrantholders at the principal place of business for the time being of the Company in Hong Kong, where copies may be obtained.

3. REGISTERED WARRANTS

The Warrants are issued in registered form. The Company shall be entitled to treat the registered holder of any Warrant as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction or as required by law, be bound to recognise any equitable or other claim to or interest in such Warrant on the part of any other person, whether or not it has express or other notice thereof.

4. TRANSFER, TRANSMISSION AND REGISTER

The Warrants shall be transferable in integral multiples of 14,000 units by an instrument of transfer in any usual or common form or such other form as may be approved by the Directors or, where the transferor and/or the transferee is HKSCC Nominees Limited, by an instrument of transfer executed under hand by authorised person(s) or by machine imprinted signature(s). For this purpose, the Company shall maintain a register of Warrantholders therefor. The Instrument contains provisions relating to the transfer, transmission and registration of the Warrants. Transfers of Warrants must be executed by both the transferor and the transferee.

Persons who hold the Warrants and have not registered the Warrants in their own names and wish to exercise the Warrants may incur additional costs and expenses in connection with any expedited re-registration of the Warrants prior to the transfer or exercise of the Warrants, particularly during the period commencing ten Business Days prior to and including the last day of the Subscription Period, or such earlier date as provided in the Instrument.

Since the Warrants will be admitted to CCASS, so far as applicable laws or regulations of relevant regulatory authorities, terms of the Instrument and circumstances permit, the Company may determine the last trading day of the Warrants to be a date at least three trading days before the last day of the Subscription Period.

5. CLOSURE OF REGISTER OF WARRANTHOLDERS

The registration of transfers of Warrants may be suspended and the register of Warrantholders may be closed for such period as the Directors may from time to time direct, provided that the same shall not be closed, or registration shall not be suspended, for a period, or for periods together, of more than 30 days in any one year. Any transfer, or exercise of the Subscription Rights attached to the Warrants made while the register of Warrantholders is so closed shall, as between the Company and the person claiming under the relevant transfer of Warrants or, as the case may be, as between the Company and the Warrantholder who has so exercised the Subscription Rights attached to his Warrants (but not otherwise), be considered as made immediately after the reopening of the register of Warrantholders.

6. PURCHASE AND CANCELLATION

The Company or any of the Subsidiaries may at any time purchase the Warrants:

- (a) in the open market or by tender (available to all Warrantholders alike) at any price; or
- (b) by private treaty at a price, exclusive of expenses, not exceeding 110 per cent of the closing price of the Warrants on the Stock Exchange on the date immediately prior to the date of purchase thereof,

but not otherwise. All Warrants purchased as aforesaid will be cancelled forthwith and may not be re-issued or re-sold.

7. MEETINGS OF WARRANTHOLDERS AND MODIFICATION OF RIGHTS

- (a) The Instrument contains provisions for convening meetings of Warrantholders to consider any matter affecting the interests of Warrantholders, including the modification by Special Resolution (as defined in the Instrument) of the provisions of the Instrument and/or of the terms and conditions endorsed on the Warrant certificates. A Special Resolution duly passed at any such meeting shall be binding on the Warrantholders, whether present or not.
- (b) All or any of the rights for the time being attached to the Warrants (including any of the provisions of the Instrument) may from time to time (whether or not the Company is being wound up) be altered or abrogated (including, but without prejudice to that generality, by waiving compliance with, or by waiving or authorising any past or proposed breach of, any of the terms and conditions endorsed on the Warrant certificates and/or the Instrument) with the prior sanction of a Special Resolution and may be effected only by deed poll executed by the Company and expressed to be supplemental to the Instrument.

Where the Warrantholder is a recognised clearing house (within the meaning of the Securities and Futures (Clearing Houses) Ordinance (Cap. 420 of the Laws of Hong Kong)) or its nominee(s), it may authorise such person or persons as it thinks fit to act as its representative (or representatives) or proxy (or proxies) at any Warrantholders' meeting provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class of Warrants in respect of which each such person is so authorised. The person so authorised will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise as if such person were an individual Warrantholder.

8. QUORUM

The quorum of a meeting of Warrantholders will be two or more Warrantholders, present in person or by proxy, representing not less than 5 per cent in value of the Subscription Rights for the time being outstanding and exercisable.

9. REPLACEMENT OF WARRANT CERTIFICATES

If a Warrant certificate is mutilated, defaced, lost or destroyed, it may, at the discretion of the Company, be replaced at the principal office of the Warrant registrar for the time being of the Company in Hong Kong (unless the Directors otherwise determine) on payment of such costs as may be incurred in connection therewith and on such terms as to evidence, indemnity and/or security as the Company may require and on payment of such fee not exceeding HK\$2.50 (or such other amount as may from time to time be permitted under the rules prescribed by the Stock Exchange) as the Company may determine. Mutilated or defaced Warrant certificates must be surrendered before replacements will be issued.

In the case of lost Warrant certificates, Sections 71A (2), (3), (4), (6), (7) and (8) of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) shall apply as if “shares” referred to therein included Warrants.

10. PROTECTION OF SUBSCRIPTION RIGHTS

The Instrument contains certain undertakings by and restrictions on the Company designed to protect the Subscription Rights.

11. CALL

If at any time the aggregate of the Warrants which have not been exercised carry rights to subscribe less than 10 per cent of the amount of Exercise Moneys attached to the aggregate of all the Warrants issued under the Instrument, the Company may, on giving not less than three months’ notice, require Warrantheolders either to exercise their Subscription Rights or to allow them to lapse. On expiry of such notice, all unexercised Warrants will be automatically cancelled without compensation to Warrantheolders and will cease to be valid for any purpose.

12. ISSUE OF FURTHER WARRANTS

The Company shall be at liberty to issue further warrants to subscribe for Ordinary Shares in such manner and on such terms as it sees fit.

13. UNDERTAKINGS BY THE COMPANY

The Company has undertaken in the Instrument, inter alia, that:

- (a) it will send to each Warrantheolder (or, in the case of joint Warrantheolders, to the Warrantheolder whose name stands first in the register of Warrantheolders in respect of the Warrant held by such joint Warrantheolders), at the same time as the same are sent to the holders of Ordinary Shares, its audited accounts and all other notices, reports and communications despatched by it to the holders of the Ordinary Shares generally;

- (b) it will pay all Bermuda and Hong Kong stamp and capital duties, registration fees or similar charges (if any) payable in respect of the execution of the Instrument, the creation and initial issue of the Warrants in registered form, the exercise of the Subscription Rights and the issue of Ordinary Shares upon exercise of the Subscription Rights; and
- (c) it will keep available for issue sufficient Ordinary Capital (as defined in the Instrument) to satisfy in full all rights for the time being outstanding of subscription for and conversion into Ordinary Shares.

14. LISTING

The Company shall use its reasonable endeavours to procure that:

- (a) at all times during the Subscription Period, the Warrants may be dealt in on the Stock Exchange (save that this obligation will lapse in the event that the listing of the Warrants on the Stock Exchange is withdrawn following an offer for all or any of the Warrants); and
- (b) all Ordinary Shares allotted upon exercise of the Subscription Rights may, upon allotment or as soon as reasonably practicable thereafter, be dealt in on the Stock Exchange (save that this obligation will lapse in the event that the listing of the Ordinary Shares on the Stock Exchange is withdrawn following an offer for all or any of the Ordinary Shares where a like offer is extended to holders of the Warrants).

15. OVERSEAS WARRANTHOLDERS

The Instrument contains provisions giving certain discretion to the Directors in the case of any Warrantholder who has a registered address in any territory (other than Hong Kong) where, in the opinion of the Directors, the issue of Ordinary Shares upon exercise of any of the Subscription Rights attaching to any Warrants held by such Warrantholder would or might, in the absence of compliance with registration or any other special formalities in such territory be unlawful or impracticable under the laws of such territory.

16. RIGHTS OF WARRANTHOLDERS ON WINDING-UP

If an effective resolution is passed during the Subscription Period for the voluntary winding-up of the Company, then:

- (a) if such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholders, or some person designated by them for such purpose by Special Resolution, shall be a party or in conjunction with which a proposal is made to the Warrantholders and is approved by Special Resolution, the terms of such scheme of arrangement or (as the case may be) proposal shall be binding on all the Warrantholders; and

- (b) in any other case, every Warrantholder (or, in the case of joint Warrantholders, the Warrantholder whose name stands first in the register of Warrantholders in respect of the Warrant held by such joint Warrantholders) shall be entitled at any time within six weeks after the passing of such resolution by irrevocable surrender of his Warrant certificate(s) to the Warrant registrar for the time being of the Company in Hong Kong with the Subscription Form(s) duly completed, together with payment of the Exercise Moneys (or the relative portion thereof) to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the Subscription Rights represented by such Warrants to the extent specified in the Subscription Form(s) and had on such date been the holder of the Ordinary Shares to which he would have become entitled pursuant to such exercise and the Company and the liquidator of the Company shall give effect to such election accordingly. The Company will give notice to the Warrantholders of the passing of any such resolution within seven days after the passing thereof and such notice must contain a reminder to Warrantholders with respect to their rights under this sub-paragraph (b).

Subject to the foregoing, if the Company is wound up, all Subscription Rights which have not been exercised at the date of the passing of such resolution will lapse and Warrant certificates will cease to be valid for any purpose.

17. NOTICES

The Instrument contains provisions relating to notices to be given to Warrantholders.

Every Warrantholder shall register with the Company an address either in Hong Kong or elsewhere to which notices to be given to such Warrantholder are to be sent.

18. GOVERNING LAW

The Instrument and the Warrants are governed by and construed in accordance with the laws of Hong Kong.



SAMSON PAPER HOLDINGS LIMITED

森信紙業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 731)

NOTICE IS HEREBY GIVEN that the Special General Meeting of Samson Paper Holdings Limited (the “Company”) will be held at Strategic Financial Relations Ltd., Room 3203, 32/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong on 24 October 2008 at 10:00 a.m. to consider and if thought fit, pass with or without modifications, the following resolutions:

SPECIAL RESOLUTIONS

1. **“THAT** the authorised share capital of the Company be and is hereby increased from HK\$80,000,000.00 divided into 800,000,000 shares of HK\$0.10 each to HK\$160,000,000.00 divided into 1,600,000,000 shares of HK\$0.10 each by the creation of 800,000,000 new shares of HK\$0.10 each”;
2. **“THAT:**
 - (1) HK\$14,308,601.30 of the authorised but unissued share capital of the Company divided into 143,086,013 shares of HK\$0.10 each be and are hereby reclassified and redesignated as 143,086,013 convertible non-voting preference shares of HK\$0.10 each in the capital of the Company (the “CP Shares”) having the special rights and privileges and being subject to the restrictions set out in the Bye-Laws of the Company as altered in accordance with sub-paragraph (3) of this Resolution;
 - (2) following the aforesaid reclassification and redesignation pursuant to sub-paragraph (1) of this Resolution, the authorised share capital of the Company shall be HK\$160,000,000.00 divided into 1,456,913,987 shares of HK\$0.10 each (the “Ordinary Shares”) and 143,086,013 CP Shares of which 429,258,039 Ordinary Shares are in issue;
 - (3) the Bye-Laws of the Company be and are hereby amended by deleting the existing Bye-Law 4(A) in its entirety and substituting therefor the following new Bye-Law 4(A):

“(A) The authorised share capital of the Company at the date of this Bye-Law becomes effective is HK\$160,000,000.00 divided into 1,456,913,987 shares of HK\$0.10 each (the “Ordinary Shares”) and 143,086,013 convertible non-voting preference shares of HK\$0.10 each in the capital of the Company (the “CP Shares”).

* For identification purpose only

NOTICE OF SGM

The CP Shares shall rank pari passu with each other in all respects and shall have the special rights and privileges and be subject to the restrictions as follows:

(1) Voting and General meetings

- (a) The holders of CP Shares shall be entitled to receive notice of every general meeting of the Company but shall not be entitled (i) to vote upon any resolution unless it is a resolution for winding-up the Company or reducing its share capital in any manner or a resolution modifying, varying or abrogating any of the special rights attached to the CP Shares or (ii) to attend or speak at any general meeting of the Company unless the business of the meeting includes the consideration of a resolution upon which the holders of CP Shares are entitled to vote. Accordingly where reference is made in any of the Bye-Laws of the Company to the rights of members or shareholders in regard to voting upon any resolution other than for winding-up of the Company, reduction of share capital of the Company in any manner, or modification, variation or abrogation of any of special rights attached to the CP Shares, the term “member” or “shareholder” shall not include a reference to the holder of a CP Share.
- (b) Whenever the holders of CP Shares are entitled to vote at a general meeting of the Company upon any resolution proposed at such a general meeting, on a show of hands every holder thereof who is present in person or by proxy or (being a corporation) by a representative or representatives or proxy or proxies shall have one vote and on a poll every holder thereof who is present in person or by proxy or (being a corporation) by a representative or representatives or proxy or proxies shall have one vote for every CP Share held by it.

(2) Conversion

- (a) Subject as hereinafter provided, each holder of CP Shares shall be entitled to convert its CP Shares into fully paid Ordinary Shares of HK\$0.10 each in the capital of the Company on the basis of one Ordinary Share for every CP Share (the “Conversion Rate”) upon the giving of a Conversion Notice (as defined below).

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- (b) The right to convert CP Shares into Ordinary Shares shall be exercisable in respect of the whole or any part of the holder's CP Shares at any time after the date of issue of the CP Shares. In such event, the holder shall complete a notice in such form as the Directors may from time to time prescribe ("Conversion Notice") and deliver the same to the Company or its authorised agent at its principal place of business in Hong Kong together with such other evidence (if any) as the Directors may reasonably require to prove the title and claim of the person exercising such right. A Conversion Notice once given may not be withdrawn without the consent in writing of the Company.
- (c) Subject to sub-paragraph (b) above, if, before the end of business on the Maturity Date, the holders of CP Shares serve a continuing notice ("Continuing Notice") in such form as the Directors may from time to time prescribe and deliver the same to the Company or its authorised agent at its principal place of business in Hong Kong together with such other evidence (if any) as the Directors may reasonably require to prove the title and claim of the person exercising such right, such CP Shares shall not be subject to the mandatory conversion as described in paragraph (2)(d) hereinafter. A Continuing Notice once given may not be withdrawn without the consent in writing of the Company.
- (d) At the end of business on the Maturity Date, unless previously redeemed, purchased and cancelled, converted or that a Continuing Notice has been served and delivered to the Company as herein provided, all CP Shares will be mandatorily converted by the Company into such number of Ordinary Shares as would have been issued by the Company if such CP Shares had been converted pursuant to the exercise by the holders of CP Shares of the conversion right pursuant to this paragraph (2). The mandatory conversion of the CP Shares by the Company shall be made in accordance with this paragraph (2) and notwithstanding that a holder of CP Shares has failed to surrender any certificate(s) in respect of any CP Shares, such CP Shares shall be automatically cancelled and of no further effect following the Maturity Date.
- (e) The Dividend (as defined hereinafter) entitlement attaching to any CP Shares as hereinafter provided shall cease to apply with effect from the date of conversion. Ordinary Shares arising on conversion shall rank *pari passu* in all respects with Ordinary Shares, including the rights to receive any dividends and other distributions declared.

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- (f) Allotments of Ordinary Shares arising from conversion of CP Shares under this Bye-Laws shall be effected by resolution of the Directors as of, and not later than 2 months after the date of receipt by the Company of the Conversion Notice. The Company shall as soon as possible forward to each holder of converted shares certificate(s) for the appropriate number of fully-paid Ordinary Shares and new certificate(s) for any unconverted CP Shares comprised in the certificate previously surrendered by such holder.
- (g) Save where the Conversion Rate is increased following any adjustment with the provisions of paragraph (7), notwithstanding any references in this resolution to “allot” or “allotment”, any Ordinary Shares arising from the conversion of any CP Shares shall not represent new shares in the capital of the Company and the unissued share capital of the Company shall not be reduced as a result of any such conversion.
- (h) So long as the Company remains listed in Hong Kong, the holders of the CP Shares shall not exercise their right to convert the CP Shares into Ordinary Shares of the Company unless at least 25% of the Company’s total issued share capital that is listed on the Stock Exchange is at all times held by the public.

(3) Dividend

- (a) The holders of CP Shares shall have the same right to dividend payment as to the holders of Ordinary Shares (“Dividend”).
- (b) Save as provided by this paragraph, the CP Shares shall not confer on the holders thereof any right to participate in the profits of the Company.

(4) Transfer and Listing

None of the CP Shares shall be assignable or transferable without the prior written approval of the board of Directors of the Company. The Company shall not apply for a listing of any of the CP Shares on any stock exchange anywhere in the world.

(5) Capital

- (a) On a distribution of assets on a winding-up or other return of capital, the surplus assets of the Company remaining after payment of its liabilities shall be applied in priority to any payment to the holders of the Ordinary Shares in paying to the

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holders of the CP Shares a sum equal to (i) the nominal capital paid up or credited as paid up on the CP Shares held by them respectively; and (ii) all arrears (if any) of the Dividend thereon as at (and calculated up to) the date of commencement of the winding up (in the case of a winding up) or the return of capital (in any other case).

- (b) Save as provided by this paragraph, the CP Shares shall not confer on the holders thereof any further right to participate in the assets of the Company.

(6) Other Provisions

- (a) So long as any CP Shares are not yet redeemed, cancelled or converted, then save with such consent or sanction on the part of the holders of CP Shares as is required for a variation of the rights attached to such shares:
 - (i) If any offer or invitation by way of rights or otherwise (not being an offer or invitation to which the provisions of sub-paragraph (a)(ii) hereof applies) or any Capital Distribution (as defined in paragraph (9)) is made to the holders of the Ordinary Shares then (unless the Conversion Rate falls to be adjusted pursuant to paragraph (7) in consequence of the proposed offer, invitation or Capital Distribution and the Directors shall have determined to do so) the Company shall make or, so far as it is able, procure that there is made at the same time a like offer, invitation or Capital Distribution to each holder of CP Shares as if its conversion rights had been exercisable and exercised in full on the record date for such offer, invitation or Capital Distribution (as the case may be) on the basis of the Conversion Rate then applicable. Where such a like offer, invitation or Capital Distribution is made in circumstances in which an adjustment would otherwise fall to have been made to the Conversion Rate under paragraph (7) no such adjustment shall be made.
 - (ii) If an offer is made to the holders of Ordinary Shares (or all such shareholders other than the offeror and/or any company controlled by the offeror and/or any persons acting in concert with the offeror) to acquire the whole or any part of the issued ordinary share capital of the Company or if any person proposes a scheme with regard to such acquisition, and the Company becomes aware that the right to cast more than 50 per cent of the votes

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which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such companies or persons as aforesaid, the Company shall give written notice to all holders of CP Shares of such vesting within 14 days of its becoming so aware and each such holder shall be entitled within the period of 3 months from the date of such notice to convert the whole or any part of its CP Shares into fully-paid Ordinary Shares on the basis set out in paragraph (2) except that the restriction in the first sentence of subparagraph (b) thereof shall not apply.

- (b) Any Dividend on the CP Shares remaining unclaimed after a period of 6 years from the date of declaration of such dividend shall be forfeited and will revert to the Company.
- (c) The Company shall send to the holders of the CP Shares a copy of each document sent to the holders of the Ordinary Shares at the same time as it is sent to such holders.

(7) Adjustments

- (a) Save and except for the issue of the Warrants of the Company which is expected to be in December 2008, the Conversion Rate shall from time to time be adjusted in accordance with the provisions of this paragraph (7) but subject always to the provisions of paragraph (6)(a)(i) hereof.
- (b) If, whilst any CP Shares remain capable of being converted into Ordinary Shares, the Company issues any Ordinary Shares by way of capitalisation of profits or reserves (including any share premium account and capital redemption reserve) to the holders of Ordinary Shares, the number of Ordinary Shares arising on any subsequent conversion of CP Shares shall be increased pro rata and such increase shall become effective as at the record date for such issue. No adjustments shall be made in the event of the issue of Shares (by way of capitalisation of profits or reserves) in lieu of cash dividends or in connection with a redemption or conversion of CP Shares.
- (c) If, whilst any CP Shares remain capable of being converted into Ordinary Shares, there is an alteration to the nominal value of Ordinary Shares as a result of a consolidation or subdivision, the number of Ordinary Shares arising on any subsequent conversion of the CP Shares shall be reduced or increased accordingly, and such reduction or increase shall become effective immediately after the alteration takes effect.

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- (d) If and whenever the Company shall make any Capital Distribution (as defined in paragraph (9) hereof) to holders of Ordinary Shares, then the number of Ordinary Shares arising for every HK\$0.10 nominal amount of CP Shares subsequently converted (and so in proportion for any other nominal amount of CP Shares) shall be adjusted by multiplying such number of Ordinary Shares by the following fraction;

$$\frac{A}{A - B}$$

where:

- A is the Current Market Price per Ordinary Share (as defined in paragraph (9)) at the date on which the Capital Distribution is publicly announced; and
- B is the fair market value (expressed in cents) on the day of such announcement or (as the case may require) the day following such announcement, as determined in good faith by a financial adviser (acting as an expert and not as an arbitrator) selected by the Directors, of the portion of the Capital Distribution attributable to one Ordinary Share,

Such adjustment shall become effective as at the record date for the Capital Distribution. The provisions of this sub-paragraph (d) shall not apply to any offer which falls within sub-paragraph (e) hereof.

- (e) If and whenever the Company shall offer to holders of Ordinary Shares as a class new Ordinary Shares by way of rights at a price which is less than the Current Market Price per Ordinary Share (as defined in paragraph (9)) at the date of announcement of the terms of the offer, then (except where the Conversion Rate falls to be adjusted under sub-paragraphs (b) or (d) hereof), the Conversion Rate shall be adjusted as follows:

$$X = \frac{C}{A + B}$$

where:

- X is the new Conversion Rate;

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- A is the aggregate number of Ordinary Shares in issue immediately preceding the date of such announcement;
- B is the number of Ordinary Shares which the amount payable for the total number of Ordinary Shares offered by way of rights would purchase at the Current Market Price per Ordinary Share (as defined in paragraph (1)) at the date of such announcement; and
- C is the aggregate number of Ordinary Shares in issue immediately preceding the date of the announcement together with the aggregate number of Ordinary Shares offered by way of rights.
- (f) If and whenever the Company shall offer to holders of Ordinary Shares as a class, to the public generally or by way of placement any warrants or options (other than pursuant to the share option scheme established by the Company on 26 February 2004) to subscribe for Ordinary Shares, the Conversion Rate shall be adjusted in the manner set out in sub-paragraph (e) hereof mutatis mutandis but subject to the following changes:
- B is the number of Ordinary Shares which the aggregate of the amount (if any) payable for such warrants or options and of the amount payable upon exercise of such warrants or options would purchase at the Current Market Price per Ordinary Share (as defined in paragraph (9)) at the date of announcement of such issue of warrants or options; and
- C is the aggregate number of Ordinary Shares in issue immediately preceding the date of the announcement together with the aggregate number of Ordinary Shares comprised in such warrants or options.
- (g) Upon the happening of any of the events mentioned in this paragraph (7) the Company shall, unless a like offer or invitation or Capital Distribution (as the case may be) is made pursuant to paragraph (6)(a)(i), by written notice (the "Adjustment Notice") given to the holders of the CP Shares, set forth brief particulars of the event or events giving rise to such adjustment, the Conversion Rate in effect prior to such adjustment, the adjusted Conversion Rate and the effective date thereof. In the event that any of the holders of the CP Shares shall, within 30 days of the date of the Adjustment Notice, give written notice to the Company that they dispute any of the matters contained in the Adjustment Notice, the

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Company shall procure that the auditors for the time being of the Company shall make a written determination of the adjustment (if any) to the Conversion Rate made in accordance with the provisions of this paragraph (7) and shall make available for inspection by the holders of the CP Shares (at such place as shall be specified in such notice) a copy of the said report of the auditors and, where any determination of a financial adviser shall have been made pursuant to sub-paragraph (d) hereof, a copy of such determination. In the absence of manifest error, the adjustment to the Conversion Rate as specified in such report shall be conclusive and binding on all concerned.

(8) Redemption

- (a) Subject to the provisions of the Act, the Company shall be entitled, at any time after the fifth anniversary of the date of issue of the CP Shares by resolution of the Directors to redeem all or any of the CP Shares.
- (b) The “Redemption Date” in respect of any CP Shares shall be the date on which the Company proposes to redeem any of the CP Shares as provided in this paragraph (8).
- (c) The Company shall give holders of the CP Shares to be redeemed not less than 28 days’ prior notice in writing of the proposed Redemption Date (the “Provisional Redemption Notice”). A holder of CP Shares shall then have the right, exercisable not later than 14 days after such Provisional Redemption Notice is given, to convert the whole or any part of its holding of CP Shares into Ordinary Shares pursuant to the provisions of paragraph (2) hereof notwithstanding the giving of such Provisional Redemption Notice. In the event that such right is not exercised or exercised in respect of part only of such holding of CP Shares on or before such deadline, the redemption of such CP Shares shall no longer be provisional and the holder of such CP Shares shall be obliged to comply with paragraph (8)(d) hereof either as regards all of such holding of CP Shares or such part thereof in respect of which it has not exercised its right of conversion as aforesaid. In the event that such right is exercised in respect of the whole of such holding of CP Shares on or before such deadline, the Provisional Redemption Notice shall cease to have effect and no redemption of such CP Shares shall take place.

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- (d) The Provisional Redemption Notice shall specify the place at which the certificates for such CP Shares are to be presented for redemption and upon the Redemption Date the Company shall redeem the CP Shares and the holders of such CP Shares shall be bound to deliver to the Company at such place the certificates for such CP Shares as are held by such holder. Upon such delivery, the Company shall pay to such holder the amount due to him in respect of such redemption.
- (e) There shall be paid on each CP Share redeemed a sum equal to (i) the subscription price thereof and (ii) all arrears (if any) of the Dividend thereon. As from the Redemption Date such Dividend shall cease to apply.
- (f) The receipt of the registered holder for the time being of any CP Shares or in the case of joint registered holders the receipt of any of them for the moneys payable on redemption thereof shall constitute an absolute discharge to the Company in respect thereof.

(9) Definitions

In the above paragraphs, unless the context otherwise requires:

- (1) “Capital Distribution” shall mean any dividend or other distribution of capital profits (whether realised or not) or capital reserves of the Company, or of profits or reserves arising after the date of the first issue of the CP Shares from the distribution of capital profits (whether realised or not) or capital reserves by a subsidiary, except by means of any purchase of the Company’s own Shares (other than a redemption or purchase of redeemable shares in accordance with the terms of issue thereof including, without limitation, pursuant to paragraph (8) hereof) provided that, in so far as relevant audited accounts do not distinguish between capital and revenue profits or reserves, the Company shall be entitled to rely upon a written estimate by the auditors for the time being of the Company as to the extent to which any part of any profit or reserve should be regarded as of a capital nature.
- (2) “Current Market Price per Ordinary Share” at a particular date shall mean the average of the closing prices (expressed in cents) published in the daily quotations sheet of The Stock Exchange of Hong Kong Limited for one Ordinary Share for the five consecutive Business Days ending on the Business Day immediately preceding such date.

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- (3) “Maturity Date” means 31 March 2009, being the date when all outstanding CP Shares will be mandatorily converted into Ordinary Shares of the Company unless previously redeemed, purchased and cancelled, converted or that a Continuing Notice has been previously served and delivered to the Company.”
3. “**THAT** the directors of the Company be and are hereby authorised to allot and issue the CP Shares of HK\$0.10 each in the capital of the Company in such manner as the directors of the Company determine and the directors of the Company be and are hereby also authorised to do all such acts and things they consider necessary or expedient in relation to the exercise of conversion right attaching to such CP shares of the Company.”

ORDINARY RESOLUTION

4. “**THAT** conditional on the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant listing of and permission to deal in the warrants (the “Warrants”) to be issued pursuant to the terms and conditions of the proposed issue of bonus Warrants described in the circular of the Company dated 29 September 2008 (the “Circular”) and any new ordinary shares of HK\$0.10 in the capital of the Company (the “Ordinary Shares”) which fall to be issued upon the exercise of the subscription rights attaching to the Warrants, the proposed issue of Warrants be and is hereby approved and:
- (1) the directors of the Company be and are hereby authorised to create, allot and issue the Warrants which shall be in registered form and shall entitle the holders thereof to subscribe in cash at an initial subscription price of HK\$0.8 per Ordinary Share, subject to adjustment, for Ordinary Shares in the capital of the Company from the date of the issue of the Warrants to 4 June 2010 (or such earlier date as provided in the warrant instrument), both days inclusive, subject to the terms and conditions set out in the warrant instrument (a copy of a draft of which marked “A” has been produced to this meeting and signed for the purpose of identification by the chairman thereof) and to issue the same to the persons who are registered as holders of shares (the “Shareholders”) on 28 November 2008 in the proportion of one Warrant carrying the right to subscribe for Ordinary Shares for every six Shares then held and so that the Ordinary Shares to be issued pursuant to the exercise of the subscription rights attaching to the Warrant will rank pari passu in all respects with the then existing Ordinary Shares on the relevant subscription date provided that:
- (A) in the case of Shareholders having registered addresses outside Hong Kong on 28 November 2008, the relevant Warrants shall not be issued to such Shareholders but shall be aggregated and issued to a nominee to be named by the directors of the Company and such Warrants shall be sold in the market as soon as practicable after the dealings in the Warrants

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commence, if a premium, net of expenses, can be obtained and the net proceeds of sale, after deduction of expenses, shall be distributed to such Shareholders pro rata to their respective shareholdings unless the amount falling to be distributed to any particular Shareholder shall be an amount less than HK\$100 in which case such amount shall be retained for the benefit of the Company; and

- (B) no fractional entitlements shall be issued, but the fractional entitlements shall be aggregated and sold for the benefit of the Company;
- (2) the directors of the Company be and are hereby authorised to allot and issue new Ordinary Shares in the capital of the Company which may fall to be issued pursuant to the exercise of subscription rights attaching to the Warrants or any of them; and
- (3) the directors of the Company be and are hereby authorised to do all such acts and things as they consider necessary or expedient to give effect to the foregoing arrangements mentioned in this Resolution.”

By Order of the Board
LEE Yue Kong, Albert
Company Secretary

Hong Kong, 29 September 2008

Head Office and principal place of business in Hong Kong:
3rd Floor, Seapower Industrial Centre
177 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

Note: A member of the Company entitled to attend and vote at the above meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company. In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the principal place of business of the Company in Hong Kong at 3rd Floor, Seapower Industrial Centre, 177 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong (so as to be received) not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).

As at the date of this notice, the Board comprises five executive Directors, namely Mr. SHAM Kit Ying, Mr. LEE Seng Jin, Mr. CHOW Wing Yuen, Ms. SHAM Yee Lan, Peggy and Mr. LEE Yue Kong, Albert, one non-executive Director, namely Mr. LAU Wang Yip, Eric and three independent non-executive Directors, namely Mr. PANG Wing Kin, Patrick, Mr. TONG Yat Chong and Mr. NG Hung Sui, Kenneth.