

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares of Fushan International Energy Group Limited (the "Company"), you should at once hand this circular accompanying with the proxy form to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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福 山 國 際 能 源 集 團 有 限 公 司

FUSHAN INTERNATIONAL ENERGY GROUP LIMITED

(Incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance)

(Stock Code: 639)

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

This circular is despatched together with the 2007 Annual Report of the Company.

A notice convening the Annual General Meeting of Fushan International Energy Group Limited to be held at the Falcon Room I Basement Luk Kwok Hotel No. 72 Gloucester Road Wanchai Hong Kong on Friday, 13 June 2008 at 3:00 p.m. is set out in Appendix I to this circular. Whether or not you are able to attend the meeting, please complete and return the proxy form in accordance with the instructions printed thereon to the Company's share registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, No. 28 Queen's Road East, Hong Kong, as soon as possible but in any event not later than 3:00 p.m. on 11 June 2008. Completion of the proxy form will not preclude shareholders from attending and voting at the meeting in person should they so wish.

Hong Kong, 30 April 2008

DEFINITIONS

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

“2007 Annual Report”	the annual report of the Company for the financial year ended 31 December 2007
“AGM”	The annual general meeting of the Company to be held at the Falcon Room I Basement Luk Kwok Hotel, No. 72 Gloucester Road, Wanchai, Hong Kong on Friday, 13 June 2008 at 3:00 p.m.
“associate(s)”	has the meaning ascribed to it under rule 1.01 of the Listing Rules in relation to any director, chief executive, substantial shareholders or management shareholders (in each case being an individual)
“Board”	the board of Directors of the Company for the time being or a duly authorized committee thereof
“business day”	a day on which the Stock Exchange is open for the business of dealing in securities
“Company”	Fushan International Energy Group Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under rule 1.01 of the Listing Rules
“Directors”	directors of the Company for the time being
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	the general and unconditional mandate proposed under ordinary resolution numbered 4A in the notice of the AGM set out in Appendix I to this circular to be granted to the Directors to issue and allot securities of the Company, the details of which are described on pages 3 to 4 of this circular
“Latest Practicable Date”	24 April 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein
“Listing Committee”	the listing committee of the directors of the Stock Exchange

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	the general and unconditional mandate proposed under ordinary resolution numbered 4B in the notice of AGM set out in Appendix I to this circular to be granted to the Directors to repurchase securities of the Company, the details of which are described on page 4 of this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each (or such other amount as such ordinary share(s) may be divided or consolidated or converted into) in the capital of the Company
“Shareholder(s)”	registered holder(s) for the time being of Shares issued
“Share Option Scheme”	The share option scheme of the Company was resolved at the annual general meeting of the Company held on 20 June 2003
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholders”	has the meaning ascribed to it under rule 1.01 of the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“\$”	Hong Kong dollars
“%”	per cent

LETTER FROM THE BOARD



福山國際能源集團有限公司

FUSHAN INTERNATIONAL ENERGY GROUP LIMITED

(Incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance)

(Stock Code: 639)

Directors:

Mr. Wong Lik Ping (*Chairman*)

Mr. So Kwok Hoo

Mr. Xue Kang

Mr. Li King Luk*

Mr. Kee Wah Sze**

Mr. Choi Wai Yin**

Mr. Chan Pat Lam**

Registered Office:

12th Floor, Kwan Chart Tower

No. 6 Tonnochy Road

Wanchai

Hong Kong

* *Non-Executive Director*

** *Independent Non-Executive Director*

30 April 2008

To the Shareholders

Dear Sir or Madam,

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

1. INTRODUCTION

At the AGM, ordinary resolutions will be proposed to grant to the Directors general and unconditional mandates to issue and repurchase securities of the Company since the previous general mandates granted on 15 June 2007 to the Directors will expire at the AGM and ordinary resolutions will be proposed to re-elect of retiring directors.

The purpose of this circular is to provide you with information regarding the proposed resolutions relating to the granting of the general mandates and the re-election of retiring directors and the notice of the AGM to enable you to make an informed voting decision.

2. GENERAL MANDATES TO ISSUE SECURITIES

At the AGM, an ordinary resolution will be proposed to grant the Directors a general and unconditional mandate to allot, issue and deal with new securities of the Company up to a maximum of 20% of the aggregate nominal value of the issued share capital of the Company as at the date of passing such resolution. Subject to the passing of the Ordinary

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Resolution and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed to issue a maximum of 487,911,070 Shares under the general mandate. Another ordinary resolution will be proposed to increase the aforesaid 20% limit by the amount of any securities of the Company repurchased by the Company under the authority of the Repurchase Mandate up to a maximum of 10% of the aggregate nominal value of the issued share capital of the Company as at the date of passing of such resolution.

3. GENERAL MANDATE TO REPURCHASE SECURITIES

At the AGM, an ordinary resolution will be proposed that the Directors be granted the Repurchase Mandate to exercise all powers of the Company to repurchase securities not exceeding 10% of the aggregate nominal value of the issued share capital of the Company as at the date of passing of such resolution. The Company's authority is restricted to the purchase of the Company's securities on the Stock Exchange and otherwise in accordance with the Listing Rules.

In accordance with the Share Repurchase Rules, which regulate the repurchase by companies with a primary listing on the Stock Exchange of their own securities, the Company is required to send to Shareholders an explanatory statement containing information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolution to approve the purchase by the Company of its own Shares. This explanatory statement is set out in the Appendix II to this circular.

4. RE-ELECTION OF RETIRING DIRECTORS

In accordance with Article 90 of the Articles of Association of the Company ("Article 90"), the Directors may appoint any person to be a Director as an additional director provided that any person so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting. As Mr. Xue Kang ("Mr. Xue") was appointed as an executive director of the Company by the Directors on 21 January 2008, Mr. Xue shall retire and re-election at the AGM in accordance with Article 90.

In accordance with Article 98 of the Articles of Association of the Company, at each annual general meeting one-third of the Directors for the time being or, if the number is not three or a multiple of three, the number nearest to one-third (but not less than one-third) shall retire from office provided that every Director (including those appointed for a specific term) shall be subject to retirement at least once every three years. As a result, all directors, including both executive and non-executive directors should be subject to retire and re-elect at each annual general meeting. Directors retiring at a meeting shall retain office until the close of the meeting. The Directors to retire in every year shall, subject as aforesaid, be those who have been the longest in office since their last election.

LETTER FROM THE BOARD

There are seven directors of the Company, however, Mr. Xue shall not taken into account in accordance with Article 90, two directors shall be retired and re-elected at the AGM. Mr. Wong Lik Ping (“Mr. Wong”) and Mr. So Kwok Hoo (“Mr. So”) were re-elected on 17 June 2005 and 16 June 2006 respectively. Mr. Li King Luk, Mr. Kee Wah Sze, Mr. Choi Wai Yin and Chan Pat Lam were re-elected on 15 June 2007. Thus, Mr. Wong and Mr. So who have been held the office over three years or the longest in office shall retire and re-elect at the AGM.

Mr. Xue (aged 45) was appointed as an executive director of the Company on 21 January 2008. Mr. Xue has over 20 years’ experience in the field of mine industry in the PRC. Mr. Xue has joined our Group since May 2003. Currently, he is the deputy general manager and director of 山西金山能源有限公司 (Shanxi Jinshan Energy Limited), which is a non-wholly owned subsidiary of the Company. He is also the director of another three non-wholly owned subsidiaries of the Group, namely 山西曜鑫煤焦有限責任公司 (Shanxi Yao Zin Coal and Coking Company Limited) and 柳林縣聯山煤化有限公司 (Liulin Luenshan Coking Company Limited) and 太原西山日盛煤焦有限公司 (Taiyuan Xishan Risheng Coal and Coking Company). Before he joined the Group, Mr. Xue was the assistant to general manager of a company engaged in provision of mine related services in the PRC for several years. Mr. Xue holds a diploma of Electrical and Mechanical engineering from 山西省陽泉煤校機電專業 (Shanxi Yangquan Coal Mine Vestibule School Electro-mechanics Specialist) and a diploma of logistic management from 山西煤炭管理幹部學院物資供應專業 (Shanxi Coal-Mining Administrative College Logistic Management Specialist) respectively. Apart from being an executive director of the Company, Mr. Xue did not hold any directorship in other listed companies in the last three years.

Mr. Xue does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company nor is he holding any interest in the shares of the Company within the meaning of Part XV of the SFO apart from having 6,000,000 share options granted under the Share Option Scheme. There is no service contract between Mr. Xue and the Company and its subsidiaries. Mr. Xue has signed a letter of employment with the Group, in which Mr. Xue is not appointed for a specific term and is entitled to receive annual remuneration of RMB84,000 with reference to his current remuneration.

Mr. Wong (age 47), Chairman, was appointed as an executive director of the Company on 14 September 2001. Mr. Wong has over 17 years’ experience in trading business and financial industry and has held directorship with various private companies. He has extensive experience and investments in a wide range of businesses in the People’s Republic of China (the “PRC”). Apart from being an executive director of the Company, Mr. Wong did not hold any directorship in other listed companies in the last three years.

Mr. Wong does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company nor is he holding any interest in the shares of the Company within the meaning of Part XV of the SFO apart from having 2,000,000 share options granted under the Share Option Scheme and having 1,239,950,000 shares of the Company represented 50.83% of issued share capital of the Company at the Latest Practicable Date. There is no service contract between Mr. Wong and the Company

LETTER FROM THE BOARD

and its subsidiaries. Mr. Wong has signed a letter of employment with the Company, in which Mr. Wong is not appointed for a specific term and is entitled to receive annual remuneration of HK\$1,950,000 with reference to his current remuneration.

Mr. So (age 54) was appointed as an executive director of the Company on 20 March 1998. Mr. So has over 20 years of experience in marketing of electrochemical and industrial products sales in Asia Pacific Region together with property investment experience in Hong Kong as well. He holds Bachelor degrees in both Applied Science with major in Chemical Engineering and Business Administration obtained in Canada. Apart from being an executive director of the Company, Mr. So did not hold any directorship in other listed companies in the last three years.

Mr. So does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company nor is he holding any interest in the shares of the Company within the meaning of Part XV of the SFO apart from having 6,500,000 share options granted under the Share Option Scheme. There is no service contract between Mr. So and the Company and its subsidiaries. Mr. So has signed a letter of employment with the Company, in which Mr. Wong is not appointed for a specific term and is entitled to receive annual remuneration of HK\$1,560,000 with reference to his current remuneration.

Mr. Xue, Mr. Wong and Mr. So confirm that there is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs 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 relation to their appointment.

5. ANNUAL GENERAL MEETING

Notice of the AGM to be held on Friday, 13 June 2008 at 3:00 p.m. at the Falcon Room I Basement Kuk Kwok Hotel No. 72 Gloucester Road Wanchai Hong Kong, is set out in Appendix I to this circular. The resolutions relating to the Issue Mandate, the Repurchase Mandate and the re-election of retiring directors are set out in full in the notice of AGM.

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you intend to be present at the meeting, you are requested to complete the proxy form and return it to the Company's share registrars Trico Tengis Limited at the address stated therein and in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting. The completion of a form of proxy will not preclude you from attending and voting at the said meeting in person.

6. PROCEDURES FOR DEMANDING A POLL

Pursuant to Article 68 of the Articles of Association of the Company, 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 of the meeting; or

LETTER FROM THE BOARD

- (ii) at least three members present in person or by proxy or representative for the time being entitled to vote at the meeting; or
- (iii) any member or members present in person or by proxy or representative and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) a member or members present in person or by proxy or representative and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the share conferring that right.

In accordance with the requirement of the Listing Rules, the results of the poll (if demanded) will be published by way of an announcement not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following the AGM.

7. RECOMMENDATIONS

The Directors believe that the granting of the Issue Mandate and the Repurchase Mandate as well as the re-election of retiring Directors are in the best interests of the Company and the Shareholders as a whole and recommend you to vote in favor of such resolutions at the AGM.

8. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Yours faithfully
By Order of the Board
So Kwok Hoo
Executive Director



福 山 國 際 能 源 集 團 有 限 公 司

FUSHAN INTERNATIONAL ENERGY GROUP LIMITED

(Incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance)

(Stock Code: 639)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of shareholders of Fushan International Energy Group Limited (the “Company”) will be held at the Faclon Room I Basement Luk Kwok Hotel No. 72 Gloucester Road Wanchai Hong Kong on Friday, 13 June 2008 at 3:00 p.m. for the following purposes:–

As Ordinary Business

1. To receive, consider and adopt the audited financial statements and reports of the directors and auditors for the year ended 31 December 2007.
2. To re-elect retiring directors and authorize the board of directors to fix their remuneration.
3. To re-appoint Grant Thornton as auditors and authorize the board of directors to fix their remuneration.

As Special Business

4. To consider and, if thought fit, to pass with or without modification the following resolutions as Ordinary Resolutions:

4A. “**THAT:**

- (a) subject to the paragraph (c) of this Resolution and pursuant to section 57B of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares or such securities in the capital of the Company, and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall be in addition to any other authorization given to the Directors and shall authorize the Directors during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which would or might require the exercise of such powers after the end of the Relevant Period;

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option, warrant or otherwise) and issued by the Directors pursuant to the approval granted in paragraph (a) of this Resolution, otherwise than pursuant to:
- (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities when are convertible into shares;
 - (iii) an issue of shares under any share option scheme or similar arrangement adopted by the Company;
 - (iv) an issue of shares as scrip dividends or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the Articles of Association of the Company;

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution, and the approval granted in paragraph (a) of the Resolution shall be limited accordingly; and

- (d) for the purposes of this Resolution:

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

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next general meeting of the Company is required by the Articles of Association of the Company or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting, and

“Rights Issue” means an offer of shares, or offer of warrants or options to subscribe for shares, open for a period fixed by the Directors to the holders of shares of the Company on the register on a fixed record date in proportion to their holdings of such shares of the Company (subject to such exclusions or other

arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognized regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company.”

4B. “THAT:

- (a) subject to paragraph (c) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its own issued shares in the capital of the Company (the “Shares”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall be in addition to any other authorization given to the Directors and shall authorize the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its Shares at a price determined by the Directors;
- (c) the aggregate nominal amount of share capital of the Company to be repurchased by the Company pursuant to the approval granted in paragraph (a) of this Resolution shall not exceed 10% of the aggregate nominal amount of the Shares in issue as at the date of the passing of this Resolution, and the approval granted under paragraph (a) of this Resolution shall be limited accordingly;
- (d) for the purposes of this Resolution:

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

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next general meeting of the Company is required by the Articles of Association of the Company or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

4C. “**THAT** subject to the passing of Resolutions set out in paragraphs 4A and 4B in the notice convening this meeting of which this Resolution forms part, the general mandate granted to the Directors and for the time being in force to exercise all the powers of the Company to allot, issue and otherwise deal with shares in the capital of the Company and to make or grant offers, agreements, options and rights of exchange or conversion pursuant to the Resolution set out in paragraph 4A above be and is hereby extended by the addition to the aggregate nominal amount of share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option, warrant or otherwise) by the Directors pursuant to such general mandate, an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to the Resolution set out in paragraph 4B above provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution.”

By Order of the Board
Lam Lin Chu
Company Secretary

Hong Kong, 30 April 2008

Notes:

- (1) Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead in accordance with the Company’s Articles of Association. A proxy need not be a shareholder of the Company.
- (2) Where there are joint registered holders of any shares, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders is present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such shares shall alone be entitled to vote in respect thereof.
- (3) To be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be deposited with the Company’s share registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, No.28 Queen’s Road East, Wanchai, Hong Kong at least 48 hours before the time appointed for holding the meeting or any adjournment thereof as the case may be and in default thereof the form of proxy and such power or authority shall not be treated as valid.
- (4) This circular containing further details regarding Resolutions 2 and 4A to 4C above will be sent to the shareholders together with the 2007 Annual Report of the Company and a form of proxy for use at the meeting.
- (5) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of securities of the Company up to a maximum of 10% of the issued share capital of the Company as at the date of passing resolution number 4B ("Ordinary Resolution") referred to in the notice convening the AGM dated 30 April 2008.

1. SHAREHOLDERS' APPROVAL

The Share Repurchase Rules provide that all on-market share repurchase made by the Company with its primary listing on the Stock Exchange must be of fully paid up shares and approved in advance by an ordinary resolution, either by way of a general mandate or by special approval in relation to specific transactions.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,439,555,352 Shares.

Subject to the passing of the Ordinary Resolution and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed to repurchase a maximum of 243,955,535 Shares.

3. REASONS FOR REPURCHASE

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

4. FUNDING OF REPURCHASES

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles and the Laws of Hong Kong.

The Directors do consider that there may be material adverse impact on the working capital of the Company as compared with the position disclosed in the Company's audited financial statements for the year ended 31 December 2007, if any mandate to repurchase securities is exercised in full during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in any circumstances, have a material adverse effect on the working capital which in the opinion of the Directors is from time to time appropriate for the Company to do so.

5. SHARE PRICES

The highest and lowest prices for the Shares having traded on the Stock Exchange in each of the previous twelve months immediately prior to the Latest Practicable Date were as follows:-

	Share Price	
	Highest HK\$	Lowest HK\$
2007:		
April	2.57	2.08
May	3.95	2.11
June	3.72	3.18
July	4.19	3.09
August	3.67	2.30
September	3.88	3.12
October	5.80	3.30
November	5.39	4.44
December	5.10	4.45
2008:		
January	6.00	4.08
February	5.30	4.04
March	4.65	2.96
April to the Latest Practicable Date	4.95	3.50

6. DISCLOSURE OF INTERESTS

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchase pursuant to the Repurchase Mandate in accordance with the Listing Rules and the Laws of Hong Kong.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates presently intend to sell Shares to the Company or its subsidiaries under the Repurchase Mandate in the event that the Repurchase Mandate is approved by its Shareholders.

The Company has not been notified by any connected persons of the Company that they have present intention to sell any Shares to the Company or its subsidiaries, or that they have undertaken not to do so in the event that the Repurchase Mandate is approved by its Shareholders.

7. TAKEOVERS CODE

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

As at the Latest Practicable Date, the Substantial Shareholders of the Company, China Merit Limited holds 47.11% of the Company's issued share capital, and Mr. Wong Lik Ping (who is the beneficial owner of the entire share capital of China Merit Limited), together hold a total of 50.83% of the Company's issued share capital. They have indicated that they intend to vote in favour of the resolution in respect of the Repurchase Mandate at the AGM.

In the event that the Directors exercise in full the power to repurchase securities under the Repurchase Mandate and if there is no other change in the issued share capital of the Company, the deemed interests of Mr. Wong Lik Ping in the capital of the Company would be increased to approximately 56.47% and the shareholding of China Merit Limited would be increased to approximately 52.34%. The Directors are not aware of any consequences which may arise under the Takeover Code as a result of any repurchases made under the Repurchase Mandate. The Company will not purchase Shares which would result in the number of Shares held by the public being reduced to less than 25%.

8. SHARES REPURCHASES MADE BY COMPANY

No purchases of Shares have been made by the Company itself in the six months prior to the date of this circular, whether on the Stock Exchange or otherwise.