
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, 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 **SHENZHEN INVESTMENT LIMITED**, you should at once hand this circular with the accompanying form of proxy to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale was effected, for transmission to the purchaser or the transferee.

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深圳控股有限公司
SHENZHEN INVESTMENT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00604)

**PROPOSALS INVOLVING
GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES
AND
RE-ELECTION OF RETIRING DIRECTORS**

A notice convening the annual general meeting of Shenzhen Investment Limited to be held at Garden Room, 2nd Floor, Hotel Nikko Hong Kong, 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Wednesday, 9 June 2010 at 10:30 a.m. is set out on the 2009 Annual Report of the Company to be dispatched to shareholders together with this circular. Whether or not you propose to attend the meeting, you are requested to complete the accompanying form of proxy enclosed with the 2009 Annual Report of the Company in accordance with the instructions printed thereon and return the same to the registered office of the Company at 8th Floor, New East Ocean Centre, 9 Science Museum Road, Tsimshatsui, Kowloon, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the meeting or any adjourned meeting should you so desire.

30 April 2010

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Garden Room, 2nd Floor, Hotel Nikko Hong Kong, 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Wednesday, 9 June 2010 at 10:30 a.m. or, where the context so admits, any adjournment thereof
“Articles of Association”	the articles of association of the Company, as originally adopted, or as from time to time altered in accordance with the Companies Ordinance
“Board”	the board of directors of the Company
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	Shenzhen Investment Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Issue Mandate”	a general mandate to the Directors to issue Shares representing up to 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of the resolution
“Latest Practicable Date”	26 April 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Last Annual General Meeting”	the annual general meeting of the Company held on 3 June 2009
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notice of Annual General Meeting”	the notice dated 30 April 2010 convening the Annual General Meeting as set out in the 2009 Annual Report of the Company

DEFINITIONS

“Repurchase Mandate”	a general mandate to the Directors to exercise the powers of the Company to repurchase on the Stock Exchange Shares representing up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of the resolution
“Shareholder(s)”	holder(s) of Shares
“Shares”	shares of HK\$0.05 each in the share capital of the Company
“Shum Yip Holdings”	Shum Yip Holdings Company Limited, a substantial shareholder of the Company
“深業集團”	深業集團有限公司, the holding company of Shum Yip Holdings
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE CHAIRMAN



深圳控股有限公司
SHENZHEN INVESTMENT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00604)

Executive Directors:

Guo Limin (*Chairman*)

Xu Ruxin

Mou Yong

Liu Weijin

Non-Executive Directors:

Dr. Wu Jiesi

Liu Biao

Independent Non-Executive Directors:

Wong Po Yan

Li Wai Keung

Wu Wai Chung, Michael

Registered Office:

8th Floor,

New East Ocean Centre,

9 Science Museum Road,

Tsimshatsui,

Kowloon,

Hong Kong.

30 April 2010

To the Shareholders

Dear Sir or Madam,

**PROPOSALS INVOLVING
GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES
AND
RE-ELECTION OF RETIRING DIRECTORS**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the proposed Repurchase Mandate and Issue Mandate, the extension of the Issue Mandate and re-election of retiring Directors and to seek your approval at the Annual General Meeting in connection with such matters.

LETTER FROM THE CHAIRMAN

RE-ELECTION OF DIRECTORS

The Board currently comprises 9 Directors, namely, Mr. GUO Limin, Mr. XU Ruxin, Mr. MOU Yong, Mr. LIU Weijin, Dr. WU Jiesi, Mr. LIU Biao, Mr. WONG Po Yan, Mr. LI Wai Keung and Mr. WU Wai Chung, Michael.

In accordance with Article 92 of the Company's Articles of Association, Mr. GUO Limin, Mr. XU Ruxin, Mr. MOU Yong and Mr. LIU Biao will retire at the Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 101 of the Company's Articles of Association, Dr. WU Jiesi, Mr. LI Wai Keung and Mr. WU Wai Chung, Michael will retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election.

Details of the retiring Directors who are proposed to be re-elected at the Annual General Meeting are set out in Appendix I to this circular.

GENERAL MANDATE TO REPURCHASE SHARES

An ordinary resolution was passed at the Last Annual General Meeting whereby a general mandate was granted to the Directors to repurchase Shares representing up to 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the relevant resolution. Such a general mandate will lapse at the conclusion of the Annual General Meeting. Therefore, an ordinary resolution will be proposed at the Annual General Meeting to grant the Repurchase Mandate, details of which are set out in Ordinary Resolution No.5 of the Notice of Annual General Meeting.

In accordance with the Listing Rules, an explanatory statement to provide Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolution to approve the Repurchase Mandate is set out in Appendix II to this circular.

LETTER FROM THE CHAIRMAN

GENERAL MANDATE TO ISSUE SHARES

Ordinary resolutions were passed at the Last Annual General Meeting whereby (i) a general mandate was given to the Directors to allot, issue and deal with Shares representing up to 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the relevant resolution and (ii) such a general mandate was extended by adding thereto the Shares repurchased by the Company pursuant to the general mandate to repurchase Shares granted to the Directors at the Last Annual General Meeting. Such general mandate will lapse at the conclusion of the Annual General Meeting. Therefore, an ordinary resolution will be proposed at the Annual General Meeting to grant to the Directors the Issue Mandate in order to ensure flexibility and discretion to the Directors to issue any Shares, details of which are set out in Ordinary Resolution No.6 of the Notice of Annual General Meeting.

In addition, an ordinary resolution will be proposed to extend the Issue Mandate by adding to it the number of Shares repurchased under the Repurchase Mandate, details of which are set out in Ordinary Resolution No.7 of the Notice of Annual General Meeting.

ANNUAL GENERAL MEETING

At the Annual General Meeting, resolutions will be proposed to the Shareholders in respect of the ordinary business to be considered at the Annual General Meeting, including the re-election of retiring Directors and the special business to be considered at the Annual General Meeting, being the granting of the Repurchase Mandate and the Issue Mandate and the extension of the Issue Mandate and proposed grant of options. The notice of Annual General Meeting will also be set out in the 2009 Annual Report of the Company expected to be despatched to Shareholders together with this circular.

A form of proxy for use at the Annual General Meeting is enclosed with the 2009 Annual Report of the Company to be despatched to Shareholders together with this circular. Whether or not you are able to attend the Annual General Meeting, you are requested to complete the form of proxy and return it to the registered office of the Company in accordance with the instructions printed thereon not later than 48 hours before the time fixed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjourned meeting if you so desire.

LETTER FROM THE CHAIRMAN

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the AGM will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Directors consider that the re-election of the retiring Directors, the granting of the Repurchase Mandate and the Issue Mandate and the extension of the Issue Mandate are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

By order of the Board

GUO Limin

Chairman

The details of the seven Directors proposed to be re-elected at the Annual General Meeting to be held on 9 June 2010 are set out below:

1. **Mr. GUO Limin**, aged 47, was appointed as Executive Director and the Chairman of the Board on 9 September 2009. He is the chairman of 深業集團有限公司 and Shum Yip Holdings Company Limited (“Shum Yip”). He holds a master’s degree in International Business of Hunan University of China and a bachelor’s degree in Chemical Engineering of Beijing Institute of Chemical Industry. Prior to joining Shum Yip in August 2009 and being appointed Chairman of the Board of the Company, he was the chief of State-owned Assets Supervision and Administration Commission of Shenzhen Municipality, chairman of Shenzhen Airport (Group) Company deputy director of Development Planning Commission of Shenzhen Municipality, secretary of administration office of Shenzhen Municipal People’s Government, secretary of administration office of Ministry of Chemical Industry of P.R.C. Mr. GUO is a non-executive director of Road King Infrastructure Limited, Coastal Greenland Limited and Ping An Insurance (Group) Company of China, Ltd., all being listed public companies in Hong Kong. He has over twenty years of experience in administrative management. Save as disclosed above, Mr. GUO did not hold any directorship in any listed public company in the last three years or any position with the Company or other members of the Company’s group.

Save as disclosed above, Mr. GUO does not have any relationships with any Directors, senior management, substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. GUO has beneficial interest in 500,000 Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. GUO has not entered into any service contract with the Company. There is no specific term of service with the Company but he is subject to retirement and re-election provision in the Articles of Association pursuant to which he shall retire from office at the first general meeting of the Company following his appointment and shall then be eligible for re-election. Thereafter, he shall retire from office by rotation at the annual general meeting of the Company. Mr. GUO is currently entitled to receive a basic remuneration of HK\$728,000 per annum which is subject to annual review by the Board. In addition, Mr. GUO is entitled to receive discretionary bonuses, share options, or other benefits as may be decided by the Board having regard to his performance, duties and responsibilities with the Company, the Company’s performance and profitability and the prevailing market condition.

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to any of the requirements of rule 13.51(2)(h)-(v) of the Listing Rules.

2. **Mr. XU Ruxin**, aged 56, was appointed as Executive Director and President on 1 December 2009. He is the President of Shum Yip. He is also a director of various members of the Group. Mr. XU holds a master's degree in Economics from Guangdong Academy of Social Sciences. Presently, he is a Senior Engineer. He joined Shum Yip in April 1999 and held positions as chairman and general manager of Shum Yip Pengji Holdings Company Limited, deputy general manager of Shenzhen No.2 Architecture Engineering Company Limited (深圳市第二建築工程公司). Mr. XU is a non-executive director of Road King Infrastructure Limited and Coastal Greenland Limited, all being listed public companies in Hong Kong. Mr. XU has over twenty years of experience in architectural technology, property development as well as corporate management. Save as disclosed above, Mr. XU did not hold any directorship in any listed public company in the last three years or any position with the Company or other members of the Company's group.

Save as disclosed above, Mr. XU does not have any relationships with any Directors, senior management, substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. XU has beneficial interest in 1,000,000 Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. XU has not entered into any service contract with the Company. There is no specific term of service with the Company but he is subject to retirement and re-election provision in the Articles of Association pursuant to which he shall retire from office at the first general meeting of the Company following his appointment and shall then be eligible for re-election. Thereafter, he shall retire from office by rotation at the annual general meeting of the Company. Mr. XU is currently entitled to receive a basic remuneration of HK\$691,600 per annum which is subject to annual review by the Board. In addition, Mr. Xu is entitled to receive discretionary bonuses, share options or other benefits as may be decided by the Board having regard to his performance, duties and responsibilities with the Company, the Company's performance and profitability and the prevailing market condition.

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to any requirements of rule 13.51(2)(h)-(v) of the Listing Rules.

3. **Mr. MOU Yong**, aged 47, was appointed as Executive Director on 1 December 2009. He is a director of Shum Yip. He is also a director of various members of the Group. Mr. MOU obtained a bachelor's degree in Chinese Language & Literature from Shaanxi University of Technology. Presently, he is a lawyer of People's Republic of China and Arbitrator of Shenzhen Arbitration Commission. He joined Shum Yip in November 2009. Prior to this, he held positions in State-owned Assets Supervision and Administration Commission of Shenzhen Municipality as chief of Management Office of Enterprise Leaders and chief of General Office. Mr. MOU has extensive experience in corporate governance and administrative management. Save as disclosed above, Mr. MOU did not hold any directorship in any listed public company in the last three years or any position with the Company or other members of the Company's group.

Save as disclosed above, Mr. MOU does not have any relationships with any Directors, senior management, substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. MOU does not have any interests in shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. MOU has not entered into any service contract with the Company. There is no specific term of service with the Company but he is subject to retirement and re-election provision in the Articles of Association pursuant to which he shall retire from office at the first general meeting of the Company following his appointment and shall then be eligible for re-election. Thereafter, he shall retire from office by rotation at the annual general meeting of the Company. Mr. MOU is currently entitled to receive a basic remuneration of HK\$404,196 per annum which is subject to annual review by the Board. In addition, Mr. MOU is entitled to receive discretionary bonuses, share options or other benefits as may be decided by the Board having regard to his performance, duties and responsibilities with the Company, the Company's performance and profitability and the prevailing market condition.

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to any requirements of rule 13.51(2)(h)-(v) of the Listing Rules.

4. **Mr. LIU Biao**, aged 36, was appointed as Non-Executive Director on 1 December 2009. He is a director and Financial Controller of Shum Yip. He obtained a bachelor's degree in International Accounting from Xiamen University and a master's degree in Business Administration (MBA) from Tongji University in Shanghai. Presently, he is a Senior Accountant and Certified Public Accountant of People's Republic of China. He joined Shum Yip in April 2008 and was appointed as director and financial controller. Prior to this appointment, he held positions in Shenzhen Cereals Group Company Limited as director and financial controller, Shenzhen Fiyta Holdings Limited as Manager of Finance and Audit. Mr. LIU has more than 10-year working experience in corporate financial management, finance and audit. Save as disclosed above, Mr. LIU did not hold any directorship in any listed public company in the last three years or any position with the Company or other members of the Company's group.

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

As at the Latest Practicable Date, Mr. LIU does not have any interests in shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. LIU's term of service with the Company is three years up to 30 November 2012 but is subject to retirement and re-election provision in the articles of association of the Company pursuant to which he shall retire from office at the next annual general meeting of the Company following his appointment and shall then be eligible for re-election. Thereafter, he shall retire from office by rotation at the annual general meeting of the Company. Mr. LIU is currently entitled to receive a director's fee of HK\$280,000 per annum which is subject to annual review by the Board under the authority granted by the shareholders at annual general meeting. In addition, Mr. LIU is entitled to receive discretionary bonuses, share options or other benefits as may be decided by the Board having regard to his performance, duties and responsibilities with the Company, the Company's performance and profitability and the prevailing market condition.

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to any requirements of rule 13.51(2)(h)-(v) of the Listing Rules.

5. **Dr. WU Jiesi**, aged 58, was appointed as Non-Executive Director on 11 May 2006. Dr. WU holds a Doctorate degree in Economics. He conducted post-doctorate research work in theoretical economics at Nankai University in the PRC and was conferred a professorship qualification by Nankai University in 2001. Dr. WU served in various capacities with the Industrial and Commercial Bank of China (“ICBC”) from 1984 to 1995 and was the president of ICBC Shenzhen Branch. Later, he was appointed the deputy mayor of the Shenzhen Municipal Government from 1995 to 1998. Dr. Wu was appointed Assistant to the Governor of Guangdong Province from 1998 to February 2000 and assisted the Governor in the handling of the Guangdong International Trust and Investment Corporation bankruptcy, and the debt restructuring of Guangdong Enterprises (Holdings) Limited (“GDE”) and its subsidiaries, including Guangdong Investment Limited (“GDI”) referred to below. In the process, he was appointed by the Guangdong Provincial Governor as a director of GDE on 12 February 2000. The debt restructuring was a successful one resulting in agreement being reached with the financial creditors. Closing of the debt restructuring took place on 22 December 2000. He had since ceased to be a director of GDE with effect from 8 May 2001. He was a director of GDI, a company incorporated in Hong Kong, during the period from 14 March 2000 to 28 April 2005. GDI and its subsidiaries had undergone a debt restructuring since 1999. The debt restructuring was a successful one resulting in agreement being reached with the financial creditors. All outstanding financial indebtedness of GDI under the debt restructuring scheme was repaid or settled in full on 2 May 2003. Dr. WU was the chairman and honorary president of GDI, a director and the honorary president of Guangdong Tannery Limited and an executive director of Hopson Development Holdings Limited, all being listed public companies in Hong Kong. And he was formerly an independent non-executive director of Yingli Green Energy Holding Company Limited, a listed public company in NYSE. At present, Dr. WU is an executive director and the deputy chairman of China Aoyuan Property Group Limited, a listed public company in Hong Kong; he is also an independent non-executive director of China Taiping Insurance Holdings Company Limited, Beijing Enterprises Holdings Limited and China Merchants Bank Company, Limited, and a non-executive director of China Water Affairs Group Limited, Silver Base Group Holdings Limited, all being listed public companies in Hong Kong. Dr. WU has rich experience in finance and corporate management. Save as disclosed above, Dr. WU did not hold any directorship in other listed public companies in the last three years or any position with the Company or other members of the Company’s group.

Save as disclosed above, Dr. WU does not have any relationships with any Directors, senior management, substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Dr. WU has beneficial interest in 6,600,000 Shares and options to subscribe for 3,400,000 Shares at a subscription price of HK\$2.165 per Share within the meaning of Part XV of the Securities and Futures Ordinance.

Dr. WU's term of service with the Company is three years up to 10 May 2012 but is subject to retirement and re-election provisions in the Articles of Association pursuant to which he shall retire from office by rotation at the Annual General Meeting and shall then be eligible for re-election and shall also retire from office by rotation at the subsequent annual general meeting of the Company. Dr. WU is entitled to a director's fee which is subject to annual review by the Board under the authority granted by the shareholders at annual general meeting. In addition, Dr. WU is entitled to receive discretionary bonuses, share options or other benefits as may be decided by the Board having regard to his performance, duties and responsibilities with the Company, the Company's performance and profitability and the prevailing market condition. For the year ended 31 December 2009, Dr. WU received a director's fee of HK\$280,000. For the year ending 31 December 2010, a director's fee of HK\$280,000 will be payable to Dr. WU subject to authorization to be given by the Shareholders at the Annual General Meeting.

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to any requirements of rule 13.51(2)(h)-(v) of the Listing Rules.

6. **Mr. LI Wai Keung**, aged 53, was appointed as Independent Non-Executive Director on 27 September 2004. He is the chairman of audit committee and a member of the remuneration committee and share option allotment committee of the Company. He was graduated from Hong Kong Polytechnic University and obtained a master degree in Business Administration from the University of East Asia, currently known as the University of Macau. He is a fellow member of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants. Previously, Mr. LI has served in the subsidiaries of Henderson Land Development Company Limited and Sino Land Company Limited, all being listed public company in Hong Kong. He was a member of the Election Committee for 2007 HKSAR Chief Executive Election. Mr. LI has been a non-executive director of Guangdong Investment Limited, a listed public company in Hong Kong, since May 2000. And he is currently an executive director and the Financial Controller of GDH Limited and also the Financial Controller of Guangdong Holdings Limited (廣東粵海控股有限公司). Mr. LI is presently also an independent non-executive director of Hans Energy Company

Limited, China South City Holdings Limited and Hong Long Holdings Limited, all being listed public companies in Hong Kong, a director of Shenzhen Airport (Group) Company, a member on the Council of the Hong Kong Chinese Orchestra Limited, the vice chairman of the Financial and Accounting Affairs Steering Committee of the Hong Kong Chinese Enterprises Association (香港中國企業協會財會專業委員會). Save as disclosed above, Mr. LI did not hold any directorship in other listed public companies in the last three years or any position with the Company or other members of the Company's group.

Save as disclosed above, Mr. LI does not have any relationships with any Directors, senior management, substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. LI has beneficial interest in 1,000,790 Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. LI's term of service with the Company is three years up to 31st December, 2010 but is subject to retirement and re-election provisions in the Articles of Association pursuant to which he shall retire from office by rotation at the Annual General Meeting and shall then be eligible for re-election and shall also retire from office by rotation at the subsequent annual general meeting of the Company. Mr. LI is entitled to a director's fee which is subject to annual review by the Board under the authority granted by the shareholders at annual general meeting. In addition, Mr. LI is entitled to receive discretionary bonuses, share options or other benefits as may be decided by the Board having regard to his performance, duties and responsibilities with the Company, the Company's performance and profitability and the prevailing market condition. For the year ended 31 December 2009, Mr. LI received a director's fee of HK\$330,000. For the year ending 31 December 2010, a director's fee of HK\$330,000 will be payable to Mr. LI subject to authorization to be given by the Shareholders at the Annual General Meeting.

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to any requirements of rule 13.51(2)(h)-(v) of the Listing Rules.

7. **Mr. WU Wai Chung, Michael**, aged 60, was appointed as Independent Non-Executive Director on 9 October 2002. He is a member of the audit committee, the remuneration committee and share option allotment committee of the Company. He was formerly the deputy chairman of the Shanghai Stock Exchange and a Commissioner in the Strategy & Development Committee of the China Securities Regulatory Commission in the PRC. Prior to that, he was the deputy chairman, chief operating officer and executive director responsible for the Intermediaries Division, comprising the Licensing and Intermediaries Supervision Departments until his departure from the Securities and Futures Commission on 31 December 1997. He is an independent non-executive director of SW Kingsway Capital Holdings Limited and First Mobile Group Holdings Limited and an executive director of Tradelink Electronic Commerce Ltd, all being listed public companies in Hong Kong. Save as disclosed above, Mr. WU did not hold any directorship in other listed public companies in the last three years or any position with the Company or other members of the Company's group.

Save as disclosed above, Mr. WU does not have any relationships with any Directors, senior management, substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. WU does not have any interests in shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. WU's term of service with the Company is three years up to 31 December 2010 but is subject to retirement and re-election provisions in the Articles of Association pursuant to which he shall retire from office by rotation at the Annual General Meeting and shall then be eligible for re-election and shall also retire from office by rotation at the subsequent annual general meeting of the Company. Mr. WU is entitled to a director's fee which is subject to annual review by the Board under the authority granted by the shareholders at annual general meeting. In addition, Mr. WU is entitled to receive discretionary bonuses, share options or other benefits as may be decided by the Board having regard to his performance, duties and responsibilities with the Company, the Company's performance and profitability and the prevailing market condition. For the year ended 31 December 2009, Mr. WU received a director's fee of HK\$280,000. For the year ending 31 December 2010, a director's fee of HK\$280,000 will be payable to Mr. WU subject to authorization to be given by the Shareholders at the Annual General Meeting.

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to any requirements of rule 13.51(2)(h)-(v) of the Listing Rules.

The Listing Rules permit a company with a primary listing on the Stock Exchange to repurchase in cash its own shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

- (i) the shares proposed to be purchased by the company are fully-paid up;
- (ii) the company has previously sent to its shareholders an explanatory statement complying with the provisions of rule 10.06(1)(b); and
- (iii) the shareholders of the company have given a specific approval or a general mandate to the directors to make such purchase(s), by way of an ordinary resolution which complies with the provisions of rule 10.06(1)(c) and which has been passed at a general meeting of the company duly convened and held and the company has delivered a copy of such resolution, together with the necessary supporting documentation, to the Stock Exchange in accordance with rule 10.06(1)(d).

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

1. SHARE CAPITAL

As at 26 April 2010, being the latest practicable date prior to the printing of this circular (the “Latest Practicable Date”), the issued share capital of the Company comprised 3,534,368,090 Shares.

Subject to the passing of the resolution no.5 set out in the notice convening the Annual General Meeting, and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 353,436,809 Shares.

2. REASONS FOR REPURCHASE

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share.

3. FUNDING OF REPURCHASES

Repurchases will be funded entirely from the Company's available cash flow or working capital facilities which will be funds legally available for the purpose and in accordance with the laws of Hong Kong and the memorandum and articles of association of the Company.

The Companies Ordinance provides that the amount of capital repaid in connection with a share repurchase may only be paid from the distributable profits of the company or from the proceeds of a new issue of shares made for the purpose. The Companies Ordinance further provides that the amount of premium payable on repurchase may only be paid out of the distributable profits of the company. Where the repurchased shares were issued at a premium, any premium payable on repurchase may be paid out of the proceeds of a fresh issue of shares made for the purposes of the share repurchase up to certain limits specified by the Companies Ordinance.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31 December 2009) in the event that the Repurchase Mandate is exercised in full at any time during the proposed purchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. GENERAL

None of Directors nor, to the best of their knowledge, having made all reasonable enquires, any of their associates (as defined in the Listing Rules), has any present intention, if the Repurchase Mandate is approved by Shareholders, to sell any Shares to the Company.

The Directors have undertaken to the Stock Exchange that they will exercise the power to repurchase Shares pursuant to Ordinary Resolution No. 5 set out in the notice convening the Annual General Meeting in accordance with the Listing Rules and the applicable laws and regulations of Hong Kong.

No connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares held by them to the Company, or have undertaken not to do so, if the Repurchase Mandate is approved by Shareholders.

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

As at the Latest Practicable Date, 深業集團 has an indirect interest in 1,523,731,489 Shares, representing approximately 43.11% of the issued share capital of the Company through its 100% interest in Shum Yip Holdings, being a substantial shareholder of the Company. To the best of the knowledge and belief of the Company, no other person, together with his/her associates, was beneficially interested in Shares representing 10% or more of the issued share capital of the Company.

In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to Ordinary Resolution No. 5 set out in the notice convening the Annual General Meeting, the interest of 深業集團 in the Company held through Shum Yip Holdings would be increased to approximately 47.9% of the issued share capital of the Company. Then, 深業集團 could be required under Rule 26 of the Takeovers Code to make a mandatory offer in respect of all the issued shares of the Company by reason of such increase. Save as aforesaid, the Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any purchases made under the Repurchase Mandate. The Directors will use their best endeavours to ensure that the Repurchase Mandate will not be exercised to the extent that the number of Shares held by the public would be reduced to less than 25% of the issued share capital of the Company. The Directors have no intention to exercise the Repurchase Mandate which may result in possible mandatory offer being made under the Takeovers Code.

5. SHARE PRICES

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

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2009		
April	2.50	1.97
May	3.55	2.29
June	3.68	3.01
July	4.19	3.14
August	4.04	2.76
September	3.50	2.80
October	3.58	2.90
November	3.66	3.02
December	4.01	3.06
2010		
January	3.39	2.70
February	2.99	2.65
March	3.08	2.74
April (up to Latest Practicable Date)	3.02	2.44

6. SHARE REPURCHASE MADE BY THE COMPANY

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.