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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** about this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in Yip's Chemical Holdings Limited, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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## Yip's Chemical Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 408)**

### **GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES AND RE-ELECTION OF DIRECTORS**

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A notice convening an annual general meeting of Yip's Chemical Holdings Limited to be held at 3:00 p.m. on Friday, 3 September 2010 at Monaco Room, B1, Regal Hong Kong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong is set out on pages 14 to 17 of this circular. A form of proxy for use at the annual general meeting is enclosed. Whether or not you are able to attend and vote at the annual general meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return it to the head office and principal place of business of the Company at Yip's Chemical Building, 13 Yip Cheong Street, On Lok Tsuen, Fanling, New Territories, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from subsequently attending and voting at the annual general meeting or any adjourned meeting should you so wish.

22 July 2010

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Monaco Room, B1, Regal Hong Kong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong at 3:00 p.m. on Friday, 3 September 2010, for the purpose of considering and, if thought fit, approving the resolutions proposed in the AGM Notice
“AGM Notice”	the notice convening the AGM set out on pages 14 to 17 in this circular
“Articles”	the existing articles of association of the Company adopted by special resolution dated 19 August 2004 and any subsequent amendment made thereto by special resolution
“Associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors (including non-executive Director and independent non-executive Directors)
“Company”	Yip’s Chemical Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“General Allotment Mandate”	a general allotment mandate to the Directors to allot and issue Shares the aggregate number of which shall not exceed 20 per cent. of the issued share capital of the Company as at the date of approval of the mandate
“General Extension Mandate”	a general mandate to the Directors to add to the General Allotment Mandate the number of Shares repurchased under the Repurchase Mandate
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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“Latest Practicable Date”	16 July 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	a general mandate to the Directors to exercise all the powers of the Company to repurchase Shares not exceeding 10 per cent. of the issued share capital of the Company as at the date of approval of the mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers

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LETTER FROM THE CHAIRMAN

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## Yip's Chemical Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 408)**

*Executive Directors:*

Ip Chi Shing, Tony (*Chairman*)  
Yip Tsz Hin, Stephen (*Deputy chairman*)  
Ting Hon Yam  
Young Man Kim, Robert  
Wong Kam Yim, Kenny (*Chief Executive Officer*)  
Ng Siu Ping, George (*Chief Financial Officer*)  
Li Wai Man, Peter (*Chief Operations Officer*)

*Non-Executive Director:*

Tong Wui Tung, Ronald

*Independent Non-Executive Directors:*

Wong Kong Chi  
Au-Yeung Tsan Pong, Davie  
Li Chak Man, Chuck  
Ku Yuen Fun, Andy

*Registered office:*

PO Box 309GT  
Ugland House  
South Church Street  
George Town  
Grand Cayman  
Cayman Islands

*Head Office and Principal Place of  
Business in Hong Kong:*

Yip's Chemical Building  
13 Yip Cheong Street  
On Lok Tsuen  
Fanling, New Territories  
Hong Kong

22 July 2010

*To: the Shareholders*

Dear Sir or Madam,

### **GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES AND RE-ELECTION OF DIRECTORS**

#### **1. INTRODUCTION**

The purpose of this circular is to provide you with information regarding the following proposals to be put forward to the Shareholders for their consideration and, if thought fit, approval of:

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## LETTER FROM THE CHAIRMAN

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- (a) grant of General Allotment Mandate to the Directors;
- (b) grant of Repurchase Mandate to the Directors;
- (c) grant of General Extension Mandate to the Directors; and
- (d) re-election of Directors.

### **2. GENERAL ALLOTMENT MANDATE**

It is proposed that a new General Allotment Mandate be granted to the Directors to issue further Shares prevailing up to 20 per cent. of the share capital of the Company in issue as at the date of passing the relevant resolution. There is however no present intention for any issuance of Shares pursuant to the General Allotment Mandate.

As at the Latest Practicable Date, the issued share capital of the Company was 550,325,121 fully paid-up Shares. Subject to the passing of the resolution granting the General Allotment Mandate and on the basis that no further Shares are allotted and issued or repurchased after the Latest Practicable Date and up to the date of the AGM, exercise in full of the General Allotment Mandate could result in up to new issue of 110,065,024 Shares.

### **3. REPURCHASE MANDATE**

On 24 August, 2009, a general mandate was given to the Directors to exercise all the powers of the Company to repurchase its own Shares which will lapse at the conclusion of the forthcoming AGM. An ordinary resolution will be proposed at the AGM to approve the grant of a new Repurchase Mandate.

An explanatory statement to provide the Shareholders with all the information reasonably necessary for them to make an informed decision in relation to this proposed Repurchase Mandate as required by the Listing Rules concerning the regulation of repurchases by companies of their own securities on the Stock Exchange is set out in the Appendix I to this circular.

### **4. GENERAL EXTENSION MANDATE**

It is recommended that a General Extension Mandate be granted to the Directors permitting them, after the grant of the Repurchase Mandate referred to above, to add to the General Allotment Mandate the number of Shares repurchased pursuant to the Repurchase Mandate.

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## LETTER FROM THE CHAIRMAN

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The authority conferred on the Directors by the General Allotment Mandate, the Repurchase Mandate and the General Extension Mandate would continue in force until the earlier of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by any applicable law of the Cayman Islands or the Articles; and (iii) its revocation or variation by ordinary resolution of the Shareholders in general meeting.

### **5. RE-ELECTION OF DIRECTORS**

Pursuant to Article 112 of the Articles, Mr. Ting Hon Yam, being an executive Director, Mr. Tong Wui Tong, Ronald, a non-executive Director, and Mr. Wong Kong Chi, Mr. Au-Yeung Tsan Pong, Davie and Mr. Ku Yuen Fun, Andy, being independent non-executive Directors, will retire by rotation at the conclusion of the AGM and, being eligible, will offer themselves for re-election at the AGM. All remaining Directors will continue in office.

The particulars of the aforesaid retiring Directors required to be disclosed under the Listing Rules are set out in Appendix II to this circular.

### **6. ANNUAL GENERAL MEETING**

A notice convening the AGM to be held on 3 September 2010 is set out on pages 14 to 17 of this circular and a form of proxy for use at the AGM is herein enclosed.

Whether or not you are able to attend the AGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the head office and principal place of business of the Company at Yip's Chemical Building, 13 Yip Cheong Street, On Lok Tsuen, Fanling, New Territories, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding such meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the AGM or any adjourned meeting should you so desire.

### **7. CLOSURE OF REGISTER OF MEMBERS**

The Hong Kong branch register of members of the Company will be closed from 1 September 2010 to 3 September 2010 (both dates inclusive) during which period no transfer of Shares will be registered. In order to qualify for the final dividend and the entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates should be lodged with the Company's Branch Registrar in Hong Kong, Tricor Secretaries Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 31 August 2010.

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## LETTER FROM THE CHAIRMAN

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### 8. VOTING BY POLL

In accordance with Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the voting on all resolutions at the AGM will be conducted by way of poll.

### 9. RESPONSIBILITY OF THE DIRECTORS

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 matters the omission of which would make any statement in this circular misleading.

### 10. RECOMMENDATION

The Board believes that the resolutions proposed in this circular are in the best interests of the Company and the Shareholders as a whole. The Board recommends that the Shareholders vote in favour of all resolutions to be proposed at the AGM.

Your attention is also drawn to the Appendices I and II to this circular and the AGM Notice.

Yours faithfully,  
**Ip Chi Shing, Tony**  
*Chairman*

This explanatory statement contains all the information required pursuant to rule 10.06(1)(b) and other relevant provisions of the Listing Rules.

## **1. THE SHARE REPURCHASE RULES**

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their fully-paid up Shares on the Stock Exchange subject to certain restrictions. In this regard, the definition of “shares” in Chapter 10 of the Listing Rules would, and where used below in this explanatory statement (including the use of the word “Share(s)”) shall (unless the context otherwise requires) include shares of all classes and securities which carry a right to subscribe or purchase shares of the Company. The most important restrictions contained in the Listing Rules are summarized below:-

### **1.1. Exercise of the Repurchase Mandate**

Exercise in full of the Repurchase Mandate, on the basis of 550,325,121 Shares in issue as at the Latest Practicable Date and on the basis that no new Shares are issued prior to the date of the resolution approving the Repurchase Mandate, could result in up to 55,032,512 Shares being repurchased by the Company during the period from the date on which the resolution granting the Repurchase Mandate is passed until the earlier of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by any applicable law of the Cayman Islands or the Articles; and (iii) its revocation or variation by ordinary resolution of the Shareholders in general meeting.

### **1.2. Reasons for Repurchases**

The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase the Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share of the Company and its assets per Share and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company and its Shareholders.

**1.3. Funding of Repurchases**

In repurchasing Shares, the Company may only apply funds from the Company's internal source legally available for such purpose in accordance with the laws of the Cayman Islands and the Memorandum of Association of the Company and the Articles.

On the basis of the consolidated net tangible assets of the Group as at 31 March 2010, and taking into account the current working capital position of the Group, the Directors consider that no material adverse effect on the working capital and gearing position of the Group may result in the event that the Repurchase Mandate is exercised in full at any time during the effective period of the Repurchase Mandate. 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.

**2. SHARE PRICES**

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

	<b>Per Share</b>	
	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2009</b>		
July	4.48	4.01
August	5.00	4.28
September	4.95	4.45
October	5.72	4.45
November	6.50	5.30
December	6.68	6.17
<b>2010</b>		
January	6.85	6.10
February	6.38	6.10
March	7.18	6.13
April	8.15	7.14
May	7.80	6.68
June	7.96	6.90
July (up to the Latest Practicable Date)	7.83	7.35

No purchase of Shares were made by the Company in the previous six months ended on the Latest Practicable Date, whether on the Stock Exchange or otherwise.

**3. GENERAL**

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

No connected person has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is approved by Shareholders.

The Directors have undertaken to the Stock Exchange to make purchase pursuant to the Repurchase Mandate in accordance with the Listing Rules and any applicable laws of the Cayman Islands.

If, as the result of a Share repurchase, 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. In certain circumstances, a Shareholder or a group of Shareholders acting in concert could as a result of increase of its or their interest, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

On exercise in full of the Repurchase Mandate, the number of issued Shares will decrease from 550,325,121 to 495,292,609. As at the Latest Practicable Date, Mr. Ip Chi Shing, Tony, Ms. Ip Fung Kuen and Mr. Yip Tsz Hin, Stephen who were acting in concert together held 299,923,932 Shares. Should the Repurchase Mandate be exercised in full, their percentage shareholding will increase from 54.50% to 60.55% of the entire issued share capital of the Company. The Directors are not aware of any consequences which may arise under Rule 26 of the Takeovers Code as a result of any repurchase pursuant to the Repurchase Mandate.

The Company has no intention to exercise the Repurchase Mandate to the effect that it will result in the public float to fall below 25% or such other minimum percentage prescribed by the Listing Rules from time to time.

Set out below are details of the Directors who will be proposed to be re-elected at the AGM:

1. **Mr. Ting Hon Yam**, aged 57, has been an executive director of a company in the Group since 1994. He is currently responsible for the overall management of the Group's business development in China. Mr. Ting joined the Group in 1983 and has over 20 years of experience in the petrochemical industry.

Save as disclosed herein, Mr. Ting does not have any relationship with any other directors, senior management or any substantial or controlling shareholders of the Company, and does not at present, and in the past three years did not, hold any directorship in any listed public company.

Mr. Ting holds 200,000 Shares and options to subscribe for 300,000 Shares. Save as disclosed herein, he does not have any other interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

If re-elected at the AGM, Mr. Ting's term of directorship will last until the expiry of three years or the closing of the next annual general meeting of the Company at which his re-election is considered, whichever occurs earlier.

2. **Mr. Tong Wui Tung, Ronald**, aged 60, was elected as an independent non-executive director of the Company since 1993 and was re-designated as a non-executive director of the Group in 2004. Mr. Tong is a partner of the law firm, Messrs. Cheung, Tong & Rosa, legal advisers of the Group on Hong Kong law which receives usual professional fees in connection with services rendered to the Group. Mr. Tong has been practising as a solicitor in Hong Kong for over 30 years and is also an independent non-executive director of Country Garden Holdings Company Limited, a company listed on The Stock Exchange of Hong Kong Limited.

Save as disclosed herein, Mr. Tong does not have any relationship with any other directors, senior management or any substantial or controlling shareholders of the Company, and does not at present, and in the past three years did not, hold any directorship in any listed public company.

Mr. Tong's spouse holds 700,000 Shares. Save as disclosed herein, he does not have any other interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Subject to the re-appointment by the Shareholders at the AGM, Mr. Tong's term of service with the Company will be a fixed term until the conclusion of the 2012 annual general meeting of the Company which will be held no later than 30 September 2012.

3. **Mr. Wong Kong Chi**, aged 52, has been an independent non-executive director of the Company since 1993. He is a fellow member of the Association of Chartered Certified Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Wong retired in 1993 after working in the merchant banking industry for over 10 years. He is also an independent non-executive director of Kee Shing (Holdings) Limited, a company listed on The Stock Exchange of Hong Kong Limited.

Save as disclosed herein, Mr. Wong does not have any relationship with any other directors, senior management or any substantial or controlling shareholders of the Company, and does not at present, and in the past three years did not, hold any directorship in any listed public company.

Mr. Wong's spouse holds 100,000 Shares. Save as disclosed herein, he does not have any other interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Subject to the re-appointment by the Shareholders at the AGM, Mr. Wong's term of service with the Company will be a fixed term until the conclusion of the 2012 annual general meeting of the Company which will be held no later than 30 September 2012.

4. **Mr. Au-Yeung Tsan Pong, Davie**, aged 64, has been an independent non-executive director of the Company since 2004. Mr. Au-yeung graduated from the Hong Kong Polytechnic (now known as Hong Kong Polytechnic University) in 1974. He is a fellow member of the Hong Kong Institute of Directors. Mr. Au-Yeung has extensive experience in management, having held senior executive appointments in the tertiary education field and the service industry for over 30 years. He is the treasurer of a charitable organization which raises funds and advocates for the well-being of children. He is also Honorary Secretary of the Hong Kong Anti Cancer Society.

Save as disclosed herein, Mr. Au-Yeung does not have any relationship with any other directors, senior management or any substantial or controlling shareholders of the Company, and does not at present, and in the past three years did not, hold any directorship in any listed public company.

Mr. Au-Yeung does not have any other interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Subject to the re-appointment by the Shareholders at the AGM, Mr. Au-Yeung's term of service with the Company will be a fixed term until the conclusion of the 2012 annual general meeting of the Company which will be held no later than 30 September 2012.

5. **Mr. Ku Yuen Fun, Andy**, aged 58, has been an independent non-executive director of the Company since 2008. Mr. Ku graduated from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) and began his career at Shell Chemicals. Mr. Ku has extensive managerial experience in the oil & petrochemical industries in the Greater China region. He was a Director of Shell Hong Kong Limited, a Board Director of the Business Environment Council and the Chairman of Tianjin International Petroleum Storage and Transportation Company Limited.

Save as disclosed herein, Mr. Ku does not have any relationship with any other directors, senior management or any substantial or controlling shareholders of the Company, and does not at present, and in the past three years did not, hold any directorship in any listed public company.

Mr. Ku and his wife respectively holds 20,680 and 764,000 shares of the Company. Save as disclosed herein, he does not have any other interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Subject to the re-appointment by the Shareholders at the AGM, Mr. Ku's term of service with the Company will be a fixed term until the conclusion of the 2012 annual general meeting of the Company which will be held no later than 30 September 2012.

#### Directors' Emoluments

The amounts of emoluments received by the above Directors, to be re-elected at the upcoming AGM, for the year ended 31 March 2010 are set out in the table below:

	<b>Ting Hon Yam</b>	<b>Tong Wui Tung, Ronald</b>	<b>Wong Kong Chi</b>	<b>Au-yeung Tsan Pong, Davie</b>	<b>Ku Yuen Fun, Andy</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Director fees	400,000	295,000	460,000	184,000	300,000
Other emoluments					
Salaries and other benefits	1,278,000	-	-	-	-
Discretionary Bonus	200,000	-	-	-	-
Share-based payments	147,000	-	-	-	-
Retirement benefit					
Scheme Contributions	116,000	-	-	-	-
<b>TOTAL</b>	<b><u>2,141,000</u></b>	<b><u>295,000</u></b>	<b><u>460,000</u></b>	<b><u>184,000</u></b>	<b><u>300,000</u></b>

The emoluments of the above Directors for the year ending 31 March 2011 will be determined by the Board based on recommendation by the remuneration committee with reference to the Company's remuneration policy and taking into account, among other factors, the Directors' qualification and experience, responsibilities undertaken, contribution to the Company, and the prevailing market level of remuneration of similar position.

**Other Information**

Save as disclosed herein, there is no information which is discloseable nor are/were the above Directors to be re-elected involved in any of the matters required 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, and the Board is not aware of any other matters which need to be brought to the attention of the Shareholders.

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## NOTICE OF ANNUAL GENERAL MEETING

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# Yip's Chemical Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 408)**

**NOTICE IS HEREBY GIVEN THAT** the annual general meeting (the “AGM”) of Yip’s Chemical Holdings Limited (the “Company”) will be held at 3:00 p.m. on Friday, 3 September 2010 at Monaco Room, B1, Regal Hong Kong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong for the following purposes:

### **ORDINARY BUSINESS**

1. To receive and consider the consolidated audited financial statements and the reports of the directors of the Company (“Directors”) and the independent auditors of the Company (“Auditors”) for the year ended 31 March 2010;
2. To approve the final dividend for the year ended 31 March 2010;
3. To re-appoint Messrs. Deloitte Touche Tohmatsu as Auditors and to authorise the board of Directors to fix their remuneration;
4. To re-elect the Directors; and
5. To authorize the board of Directors to fix the remuneration of the Directors.

### **SPECIAL BUSINESS**

To consider and, if thought fit, to pass the following resolutions (with or without modification):

As Ordinary Resolutions

6. **“THAT**
  - a. a general mandate be and is hereby unconditionally given to the Directors to exercise during the Relevant Period (as hereinafter defined) all the powers of the Company to allot, issue and deal with unissued shares in the Company (“Share”) or securities convertible into Shares or options, warrants or similar rights to subscribe for any Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers either during or

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## NOTICE OF ANNUAL GENERAL MEETING

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after the Relevant Period, in addition to any Shares which may be issued from time to time (a) on a Rights Issue (as hereinafter defined) or (b) upon exercise of any options under any option scheme or similar arrangement for the time being adopted for the grant or issue of Shares or (c) upon the exercise of rights of subscription or conversion attaching to any warrants or convertible bonds issued by the Company or any securities which are convertible into Shares the issue of which warrants and other securities has previously been approved by shareholders of the Company or (d) as any scrip dividend pursuant to the articles of association of the Company, not exceeding twenty per cent. of the share capital of the Company in issue as at the date of this resolution; and

- b. for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of;
  - i. the conclusion of the next annual general meeting of the Company;
  - ii. the expiration of the period within which the next annual general meeting of the Company is required to be held by any applicable law of the Cayman Islands or the articles of association of the Company; and
  - 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 open for a period fixed by the Directors to holders of Shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractions entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or of the requirements of any recognised regulatory body or any stock exchange applicable to the Company).”

- 7. **“THAT** an unconditional general mandate be and is hereby granted to the Directors to repurchase Shares, and that the exercise by the Directors of all powers of the Company to purchase Shares subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved, subject to the following conditions:
  - a. such mandate shall not extend beyond the Relevant Period;
  - b. such mandate shall authorise the Directors to procure the Company to repurchase Shares at such price as the Directors may at their discretion determine;
  - c. the Shares to be repurchased by the Company pursuant to paragraph (a) of this resolution during the Relevant Period shall be no more than ten per cent. of the Shares in issue at the date of passing this resolution; and

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## NOTICE OF ANNUAL GENERAL MEETING

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- d. for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
  - i. the conclusion of the next annual general meeting of the Company;
  - ii. the expiration of the period within which the next annual general meeting of the Company is required to be held by any applicable law of the Cayman Islands or the articles of association of the Company; and
  - 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.”
  
- 8. “**THAT**, subject to the availability of unissued share capital and conditional upon the resolutions nos. 6 and 7 above being passed, the number of Shares which are repurchased by the Company pursuant to and in accordance with resolution no. 7 above shall be added to the number of Shares that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to and in accordance with resolution no. 6 above.”

By order of the Board  
**Ip Chi Shing, Tony**  
*Chairman*

Hong Kong, 22 July 2010

*Notes:*

- 1. The Hong Kong branch register of members of the Company will be closed from 1 September 2010 to 3 September 2010 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the final dividend and the entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates should be lodged with the Company’s Branch Registrar in Hong Kong, Tricor Secretaries Limited, 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 31 August 2010.
  
- 2. A member of the Company who is a holder of two or more Shares, and who is entitled to attend and vote at the AGM is entitled to appoint more than one proxy or a duly authorised corporate representative to attend and vote in his stead. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member of the Company from attending the AGM and vote in person. In such event, the form of proxy will be deemed to have been revoked.

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## NOTICE OF ANNUAL GENERAL MEETING

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3. A form of proxy for the AGM is enclosed with the Company's circular. In order to be valid, a form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Head Office of the Company at Yip's Chemical Building, 13 Yip Cheong Street, On Lok Tsuen, Fanling, New Territories, Hong Kong, not later than 48 hours before the time appointed for holding the meeting or adjourned meeting.
4. With regard to resolutions nos. 6 and 8 above, the Directors wish to state that they have no immediate plans to issue any new Shares of the Company pursuant to the general allotment mandate under resolution no. 6 and general extension mandate under resolution no.8 above.
5. As at the date hereof, the board of Directors is composed of Ip Chi Shing, Tony, Yip Tsz Hin, Stephen, Ting Hon Yam, Young Man Kim, Robert, Wong Kam Yim, Kenny, Ng Siu Ping, George and Li Wai Man, Peter as executive Directors, Tong Wui Tung, Ronald as non-executive Director and Wong Kong Chi, Au-Yeung Tsan Pong, Davie, Li Chak Man, Chuck and Ku Yuen Fun, Andy as independent non-executive Directors.