
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 your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Pan Asia Environmental Protection Group Limited (the “Company”), you should at once hand this circular together with the accompanying form of proxy 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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泛亞環保集團有限公司 **Pan Asia Environmental Protection Group Limited**

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 556)

PROPOSED GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES, RE-ELECTION OF RETIRING DIRECTORS AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the 2008 annual general meeting of the Company to be held at Basement II, The Boardroom, The Wharney Guang Dong Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong on Friday, 30 May 2008 at 2:30 p.m. is set out on pages 16 to 19 of this circular. A form of proxy for use at the annual general meeting is also enclosed with this circular.

Whether or not you intend to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish and, in such event, the form of proxy shall be deemed to be revoked.

30 April 2008

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DEFINITIONS

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

| | |
|---------------------------|---|
| “AGM” | the 2008 annual general meeting of the Company |
| “AGM Notice” | the notice convening the AGM as set out on pages 16 to 19 of this circular |
| “Articles” | the Articles of Association of the Company |
| “associate(s)” | shall have the same meaning as ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Companies Law” | the Companies Law, Cap. 22 (law 3 of 1961 as consolidated and revised) of the Cayman Islands |
| “Company” | Pan Asia Environmental Protection Group Limited, an exempted company incorporated in the Cayman Islands with limited liability |
| “connected person(s)” | shall have the meaning as ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region to the People’s Republic of China |
| “Issue Mandate” | a general and unconditional mandate to allot, issue and deal with Shares up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution |
| “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 Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

DEFINITIONS

| | |
|----------------------|--|
| “Repurchase Mandate” | a general and unconditional mandate to repurchase on the Stock Exchange, or any other stock exchange on which the Shares of the Company may be listed, Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution |
| “SFO” | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong |
| “Share(s)” | the ordinary share(s) of HK\$0.10 each in the share capital of the Company |
| “Shareholder(s)” | the registered holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent |



泛亞環保集團有限公司
Pan Asia Environmental Protection Group Limited

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 556)

Executive Directors:

Mr. Jiang Quanlong (*Chairman*)
Mr. Fan Yajun (*Chief Executive Officer*)
Mr. Fang Guohong
Mr. Gan Yi
Mr. Jiang Lei

Registered office:

Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Independent Non-Executive Directors:

Mr. Lai Wing Lee
Professor Wang Guozhen
Mr. Leung Shu Sun, Sunny

*Principal place of
business in the PRC:*

1 Chuanshan Road
Yixing
Jiangsu Province
The PRC 214222

*Principal place of
business in Hong Kong:*

Suite 3712, 37th Floor
The Center
99 Queen's Road Central
Hong Kong

30 April 2008

To the Shareholders

Dear Sir/Madam,

**PROPOSED GENERAL MANDATES
TO ISSUE SHARES AND TO REPURCHASE SHARES,
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

By written resolutions passed by the then sole shareholder of the Company on 1 December 2007, ordinary resolutions were passed to grant to the Directors general mandates to issue Shares and to repurchase Shares respectively and to extend the general mandate to

LETTER FROM THE BOARD

issue Shares to include Shares repurchased under the general mandate to repurchase Shares. These general mandates will lapse at the conclusion of the AGM. It is therefore proposed to renew these general mandates at the AGM.

The purpose of this circular is to provide the Shareholders with information regarding the resolutions to be proposed at the AGM. These resolutions include, among other things, (i) the granting to the Directors the Issue Mandate and the Repurchase Mandate and the extension of the Issue Mandate; and (ii) the re-election of the Directors in accordance with the Articles. The resolutions will be proposed at the AGM and are set out in the AGM Notice as contained in this circular.

2. THE ISSUE MANDATE

At the AGM, an ordinary resolution set out in paragraph 5 of the AGM Notice will be proposed to the Shareholders to consider and, if thought fit, to grant to the Directors the Issue Mandate to allot, issue and deal with Shares up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution. As at the Latest Practicable Date, the number of Shares in issue were 800,000,000. Subject to the passing of the relevant resolution, the maximum number of new Shares to be issued under the Issue Mandate will be 160,000,000 Shares (assuming that there will be no change in the number of Shares in issue between the Latest Practicable Date and the date of AGM).

The Issue Mandate to issue Shares will remain in effect 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 by the Articles or any applicable law to be held; and (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the Shareholders in general meeting.

3. THE REPURCHASE MANDATE

At the AGM, an ordinary resolution set out in paragraph 6 of the AGM Notice will be proposed to the Shareholders to consider and, if thought fit, to grant to the Directors the Repurchase Mandate to exercise all powers of the Company to repurchase on the Stock Exchange, or on any other stock exchange on which the Shares of the Company may be listed subject to the criteria set out in this circular, Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution.

An explanatory statement containing relevant information relating to the Repurchase Mandate as required by the Listing Rules to be sent to the Shareholders is set out in Appendix I to this circular. The explanatory statement contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the resolution relating to the Repurchase Mandate at the AGM.

LETTER FROM THE BOARD

4. EXTEND GENERAL MANDATE TO ISSUE SHARES

At the AGM, an ordinary resolution set out in paragraph 7 of the AGM Notice will be proposed that the Issue Mandate will be extended by the addition to the aggregate number of share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate number of the share capital of the Company repurchased by the Company pursuant to the Repurchase Mandate being approved provided that such extended amount will not exceed 10% of the aggregate amount of the share capital of the Company in issue on the date of resolution approving the Issue Mandate.

5. RE-ELECTION OF RETIRING DIRECTORS

In relation to resolution number 3 as set out in the AGM Notice, Mr. Jiang Quanlong, Mr. Fan Yajun, Mr. Fang Guohong, Mr. Gan Yi and Mr. Jiang Lei will retire from the offices as executive Directors at the AGM in accordance with article 112 of the Articles and Mr. Lai Wing Lee will retire from the office as an independence non-executive Director at the AGM in accordance with article 108(A) of the Articles and all retiring Directors, being eligible, will offer themselves for re-election.

Biographical details of the above retiring Directors, which are required to be disclosed pursuant to the Listing Rules, are set out in Appendix II to this circular.

6. ANNUAL GENERAL MEETING

The AGM Notice is set out on pages 16 to 19 of this circular to consider the resolutions relating to, inter-alia, the Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate and the re-election of the retiring Directors.

7. ACTIONS TO BE TAKEN

A form of proxy for use at the AGM is enclosed with this circular and published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.paep.com.cn). Whether or not you intend to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or at any adjournment thereof if you so wish and in such event, the form of proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

8. PROCEDURE FOR DEMANDING A POLL

Pursuant to article 72 of the Articles, a resolution put to the vote of any general meeting shall be decided on a show of hands unless voting by way of a poll is required by the Listing Rules or (before or on the declaration of the result of the show of hands) a poll is duly demanded by:

- (a) the chairman of such meeting; or
- (b) at least three shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) any shareholder or shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the shareholders having the right to vote at the meeting; or
- (d) any shareholder or shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorised representative) or by proxy and holding Shares 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 Shares conferring that right; or
- (e) if required by the Listing Rules, any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing 5% or more of the total voting rights at such meeting.

9. RECOMMENDATION

The Directors consider that the proposed granting to the Directors of the Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate and the re-election of the retiring Directors are in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of the relevant resolutions as set out in the AGM Notice.

Yours faithfully,
For and on behalf of the Board
Pan Asia Environmental Protection Group Limited
Jiang Quanlong
Chairman

APPENDIX I EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide certain information to you for your consideration of the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, there were a total of 800,000,000 Shares in issue.

Subject to the passing of the resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the AGM, the Company will be allowed to repurchase a maximum of 80,000,000 Shares, being 10% of the issued share capital of the Company as at the date of the AGM, during the period ending on 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 by the Articles or any applicable law to be held; and (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the Shareholders in general meeting.

2. REASONS FOR REPURCHASES

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

3. FUNDING OF REPURCHASES

Repurchases made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Articles and the applicable laws of the Cayman Islands. Under the Cayman Islands laws, any repurchases by the Company may only be made out of profits of the Company or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or, if so authorised by the Articles and subject to the provisions of the Companies Law, out of capital and, in the case of any premium payable on a repurchase, such premium must be provided for out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorised by the Articles and subject to the provisions of the Companies Law, out of capital.

4. IMPACT OF REPURCHASES

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31 December 2007) in the event that the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse impact on the working capital requirements of the Company or the gearing levels which, in the opinion of the Board, are from time to time appropriate for the Company.

5. SHARE PRICES

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange since 21 December 2007, being the date of the listing of the Shares up to the Latest Practicable Date:

| Month | Share Prices Per Share | |
|--|-------------------------------|---------------|
| | Highest | Lowest |
| | <i>HK\$</i> | <i>HK\$</i> |
| 2007 | | |
| December | 3.20 | 2.50 |
| 2008 | | |
| January | 3.30 | 2.10 |
| February | 2.50 | 1.78 |
| March | 2.29 | 1.95 |
| April (<i>up to the Latest Practicable Date</i>) | 3.00 | 2.08 |

6. GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, has any present intention to sell any Shares to the Company, if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will only exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

The Company has not been notified by any connected person that such a person has a present intention to sell, or has undertaken not to sell, any Shares to the Company, if the Repurchase Mandate is approved by the Shareholders.

7. EFFECT OF TAKEOVERS CODE

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Praise Fortune Limited beneficially held 600,000,000 Shares representing 75% of the issued share capital of the Company. Mr. Jiang Quanlong is the sole director of Praise Fortune Limited and Mr. Jiang Lei and Mr. Jiang Xin are the controlling shareholders of Praise Fortune Limited. Ms. Qian Yuanying is the spouse of Mr. Jiang Quanlong; Ms. Chai Yongping is the spouse of Mr. Jiang Lei; and Ms. Li Jingru is the spouse of Mr. Jiang Xin. In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate, then, (if the present shareholdings otherwise remain the same) the interests of Praise Fortune Limited in the Company would be increased to approximately 83.33% of the issued share capital of the Company. Such increase would not give rise to an

APPENDIX I EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE

obligation of Praise Fortune Limited to make a mandatory offer under Rules 26 and 32 of the Takeovers Code but would reduce the amount of Shares held by the public to less than 25% of the issued share capital of the Company. The Directors have no intention to repurchase Shares to such an extent which will result in the amount of the Shares held by the public being reduced to less than 25%.

Save as disclosed above, the Directors are not aware of any Shareholder or group of Shareholders acting in concert, who may become obliged to make a mandatory offer under Rule 26 of the Takeovers Code as a consequence of any purchases pursuant to the Repurchase Mandate.

8. SHARE REPURCHASE BY THE COMPANY

No Shares had been repurchased by the Company, whether on the Stock Exchange or otherwise, during the six months preceding to the Latest Practicable Date.

EXECUTIVE DIRECTORS

Mr. Jiang Quanlong, aged 55, is the Chairman of the Board and an Executive Director of the Company. He was appointed as Director of the Company in August 2006. He is also a member of the Nomination Committee and the Remuneration Committee. He has over 10 years of experience in China's Environmental Protection ("EP") industry. He is responsible for formulating strategies to guide the Group's overall development and strengthen the competitive position of the Group in the PRC's EP market. In addition, he is the chairman and executive director of China Rare Earth Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange. Save as aforesaid, Mr. Jiang did not hold any other directorships in the public listed companies in the last three years.

Mr. Jiang has entered into a service contract with the Company for an initial term of 36 months commencing from 1 December 2007 which shall continue thereafter from year to year until terminated by either party with 3 months' notice in writing served on the other side. He is entitled to a basic salary of HK\$120,000 subject to an annual increment after 31 December 2008 at the discretion of the Directors of not more than 15% of the annual salary immediately prior to such increase. In addition, he is also entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all the executive Directors for any financial year of the Company may not exceed 5% of the audited combined or consolidated audited net profit of the Group (after taxation and minority interests and payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year of the Company. Mr. Jiang received directors' emoluments in the total sum of HK\$224,327 for the year ended 31 December 2007.

Mr. Jiang is the sole director of Praise Fortune Limited, the substantial shareholder of the Company. As such, as at the Latest Practicable Date, Mr. Jiang is deemed to be interested in 600,000,000 Shares in the Company held by Praise Fortune Limited, the substantial shareholder, within the meaning of Part XV of the SFO. Mr. Jiang is the father of Mr. Jiang Lei (being an executive Director), father of Mr. Jiang Xin and spouse of Ms. Qian Yuanying, all of whom are the shareholders of Praise Fortune Limited. Save as disclosed, Mr. Jiang does not have any relationship with any Directors, senior management or other substantial or controlling shareholders of the Company.

There is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there are no other matters concerning Mr. Jiang that need to be brought to the attention of the Shareholders.

Mr. Fan Yajun, aged 40, is the Chief Executive Officer of the Group and an Executive Director of the Company. He was appointed Director of the Company in March 2007. He has nearly 20 years of experience in business management. He joined the Group in July 2002 and has been responsible for the overall administration and business management. He completed a Master of Business Administration course at Southeast University in July 2004. For the period between August 1999 and August 2005, he was an executive director of China Rare Earth Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange. Save as aforesaid, Mr. Fan did not hold any other directorships in the public listed companies in the last three years.

Mr. Fan has entered into a service contract with the Company for an initial term of 36 months commencing from 1 December 2007 which shall continue thereafter from year to year until terminated by either party with 3 months' notice in writing served on the other side. He is entitled to a basic salary of HK\$120,000 subject to an annual increment after 31 December 2008 at the discretion of the Directors of not more than 15% of the annual salary immediately prior to such increase. In addition, he is also entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all the executive Directors for any financial year of the Company may not exceed 5% of the audited combined or consolidated audited net profit of the Group (after taxation and minority interests and payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year of the Company. Mr. Fan received directors' emoluments in the total sum of HK\$224,327 for the year ended 31 December 2007.

As at the Latest Practicable Date, Mr. Fan does not have any interest in the Shares of the Company within the meaning of Part XV of the SFO nor does he have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

There is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there are no other matters concerning Mr. Fan that need to be brought to the attention of the Shareholders.

Mr. Fang Guohong, aged 42, is an Executive Director of the Company. He was appointed Director of the Company in March 2007. He has nearly 20 years of experience in marketing at different companies engaging in production of food, clothing and insulation materials. He joined Wuxi Pan-Asia Environmental Protection Technologies Limited (無錫泛亞環保科技有限公司) (“Wuxi Pan-Asia”) in 1996 and Wuxi Pan-Asia has been a member of the Group since 1998. He is now a director and vice general manager of Wuxi Pan-Asia and the general manager of Shanghai Environmental Engineering Design & Research Institute Limited (上海環境工程設計研究院有限公司). He is responsible for the sales and market development of the Group’s business. He completed post-secondary education in 2005. Mr. Fang did not hold any other directorships in the public listed companies in the last three years.

Mr. Fang has entered into a service contract with the Company for an initial term of 36 months commencing from 1 December 2007 which shall continue thereafter from year to year until terminated by either party with 3 months’ notice in writing served on the other side. He is entitled to a basic salary of HK\$120,000 subject to an annual increment after 31 December 2008 at the discretion of the Directors of not more than 15% of the annual salary immediately prior to such increase. In addition, he is also entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all the executive Directors for any financial year of the Company may not exceed 5% of the audited combined or consolidated audited net profit of the Group (after taxation and minority interests and payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year of the Company. Mr. Fang received directors’ emoluments in the total sum of HK\$3,480,740 for the year ended 31 December 2007.

As at the Latest Practicable Date, Mr. Fang does not have any interest in the Shares of the Company within the meaning of Part XV of the SFO nor does he have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

There is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there are no other matters concerning Mr. Fang that need to be brought to the attention of the Shareholders.

Mr. Gan Yi, aged 51, is an Executive Director of the Company. He was appointed Director of the Company in March 2007. He has over 20 years of experience in environmental protection engineering design. He was appointed as an officer of Shanghai Environmental Engineering Design & Research Institute Limited (上海環境工程設計研究院有限公司) (“SEEDRI”) in 1995 and has served as a director of SEEDRI since 2002. He was also the chairman and general manager of SEEDRI from 2003 until April 2006, and was appointed the vice general manager of SEEDRI in April 2006. He is responsible for the daily operation and market development of SEEDRI. He completed a security engineering course at Tongji University in December 1988. Mr. Gan did not hold any other directorships in the public listed companies in the last three years.

Mr. Gan has entered into a service contract with the Company for an initial term of 36 months commencing from 1 December 2007 which shall continue thereafter from year to year until terminated by either party with 3 months’ notice in writing served on the other side. He is entitled to a basic salary of HK\$120,000 subject to an annual increment after 31 December 2008 at the discretion of the Directors of not more than 15% of the annual salary immediately prior to such increase. In addition, he is also entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all the executive Directors for any financial year of the Company may not exceed 5% of the audited combined or consolidated audited net profit of the Group (after taxation and minority interests and payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year of the Company. Mr. Gan received directors’ emoluments in the total sum of HK\$108,102 for the year ended 31 December 2007.

As at the Latest Practicable Date, Mr. Gan does not have any interest in the Shares of the Company within the meaning of Part XV of the SFO nor does he have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

There is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there are no other matters concerning Mr. Gan that need to be brought to the attention of the Shareholders.

Mr. Jiang Lei, aged 24, is an Executive Director of the Company. He was appointed Director of the Company in March 2007. He joined the Group in March 2007 and is responsible for the business development of the Group. He holds a bachelor's degree in Finance from Cass Business School, London, the United Kingdom. Mr. Jiang did not hold any other directorships in the public listed companies in the last three years.

Mr. Jiang has entered into a service contract with the Company for an initial term of 36 months commencing from 1 December 2007 which shall continue thereafter from year to year until terminated by either party with 3 months' notice in writing served on the other side. He is entitled to a basic salary of HK\$120,000 subject to an annual increment after 31 December 2008 at the discretion of the Directors of not more than 15% of the annual salary immediately prior to such increase. In addition, he is also entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all the executive Directors for any financial year of the Company may not exceed 5% of the audited combined or consolidated audited net profit of the Group (after taxation and minority interests and payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year of the Company. Mr. Jiang received directors' emoluments in the total sum of HK\$10,000 for the year ended 31 December 2007.

Mr. Jiang is the son of Mr. Jiang Quanlong (being an executive Director and the sole director of Praise Fortune Limited, the substantial shareholder of the Company) and the son of Ms. Qian Yuanying (being one of the shareholders of Praise Fortune Limited). Also, as at the Latest Practicable Date, Mr. Jiang Lei is deemed to be interested in 600,000,000 Shares in the Company held by Praise Fortune Limited, the substantial shareholder, within the meaning of Part XV of the SFO. Save as disclosed, Mr. Jiang does not have any relationship with any Directors, senior management or other substantial or controlling shareholders of the Company.

There is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there are no other matters concerning Mr. Jiang that need to be brought to the attention of the Shareholders.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Lai Wing Lee, aged 68, joined the Company as an Independent Non-Executive Director in December 2007. He is the Chairman of the Nomination Committee and the Remuneration Committee and also a member of the Audit Committee. He has been the managing director of Shenzhen Beishen Environmental Packaging Development Co., Limited (深圳市北深環保包裝發展有限公司), which is mainly engaged in the sales and manufacture of environmental protection packaging products, since August 2005. He graduated from the South China Institute of Technology (now known as South China University of Technology) in 1965. He has over 30 years of experience in enterprise management. Mr. Lai did not hold any other directorships in the public listed companies in the last three years.

Mr. Lai has been appointed for a term expiring on 30 November 2009. Mr. Lai has entered into a service contract with the Company which shall continue from year to year until terminated by either party with 3 months' notice in writing served on the other side. He is entitled to a director's fee of HK\$60,000 per annum which is determined by the Board of Directors with reference to his responsibilities and duties within the Company as well as the prevailing market conditions. Mr. Lai received directors' fee in the total sum of HK\$5,000 for the year ended 31 December 2007.

As at the Latest Practicable Date, Mr. Lai does not have any interest in the Shares of the Company within the meaning of Part XV of the SFO nor does he have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

There is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there are no other matters concerning Mr. Lai that need to be brought to the attention of the Shareholders.

NOTICE OF ANNUAL GENERAL MEETING



泛亞環保集團有限公司 Pan Asia Environmental Protection Group Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 556)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2008 annual general meeting (the “Meeting”) of Pan Asia Environmental Protection Group Limited (the “Company”) will be held at Basement II, The Boardroom, The Wharney Guang Dong Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong on Friday, 30 May 2008 at 2:30 p.m. for the following purposes:

1. To consider and adopt the audited consolidated financial statements, the Company’s audited financial statements and the reports of the directors and of the auditors for the year ended 31 December 2007.
2. To declare a final dividend for the year ended 31 December 2007.
3. To re-elect the retiring directors and to authorise the board (“the Board”) of directors (the “Directors”) of the Company to fix the remuneration of the Directors.
4. To re-appoint auditors and to authorise the Board to fix their remuneration.
5. To consider and, if thought fit, pass, with or without amendments, the following resolution as an ordinary resolution:

“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 allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including but not limited to bonds, warrants and debentures convertible into shares of the Company) which would or 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 authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including but not limited to bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;

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- (c) the aggregate nominal amount of the shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to a rights issue or pursuant to the exercise of any subscription rights which are or may be granted under any option scheme or any scrip dividend scheme or similar arrangement, any adjustment of rights to subscribe for shares under options and warrants or a special authority granted or to be granted by the shareholders of the Company, shall not exceed 20 per cent of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution and the approval in paragraph (a) of this resolution shall be limited accordingly; and
 - (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 by the articles of association of the Company or any applicable laws to be held; 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.”
6. To consider and, if thought fit, pass, with or without amendments, the following resolution as an ordinary resolution:

“THAT

- (a) subject to paragraph (b) 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 shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and which is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirement of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange, as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares of the Company to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution; and

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- (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; 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.”
7. To consider and, if thought fit, pass, with or without amendments, the following resolution as an Ordinary Resolution:

“**THAT** conditional upon the passing of ordinary resolutions number 5 and 6 as set out in the notice convening this Meeting, the general mandate granted to the directors to allot, issue and deal with additional shares in the capital of the Company pursuant to ordinary resolution number 5 set out in the notice convening this Meeting be and is hereby extended by the addition thereto the aggregate nominal amount of shares of the Company repurchased by the Company under the authority granted pursuant to ordinary resolution number 6 set out in the notice convening this Meeting provided that such amount shall not exceed 10 per cent of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution.”

By order of the Board
Pan Asia Environmental Protection Group Limited
Wan San Fai, Vincent
Company Secretary

Hong Kong, 30 April 2008

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Notes:

- (a) A member entitled to attend and vote at the Meeting may appoint a proxy or, if holding two or more shares, more than one proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
- (b) To be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy thereof must be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or adjournment thereof.
- (c) To be valid, the form of notice of appointment of corporate representative, in the case of appointment by a shareholder which is a corporate shareholder other than a clearing house, must be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or adjournment thereof.
- (d) The Register of Members will be closed from Wednesday, 28 May 2008 to Friday, 30 May 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and attending the Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Tuesday, 27 May 2008.