
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)

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

A notice convening the 2009 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 Thursday, 4 June 2009 at 2:30 p.m. is set out on pages 11 to 14 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, Wanchai, 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.

29 April 2009

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DEFINITIONS

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

| | |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “AGM” | the 2009 annual general meeting of the Company |
| “AGM Notice” | the notice convening the AGM as set out on pages 11 to 14 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 of 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” | 23 April 2009, 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 of Hong Kong Limited |

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 |

LETTER FROM THE BOARD



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. Gan Yi
Mr. Jiang Lei

Independent Non-executive Directors:

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

Registered office:

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

*Principal place of business
in the PRC:*

No. 1 Chuanshan Road
Dingshu Town
Yixing City
Jiangsu Province
PRC 214222

*Principal place of business
in Hong Kong:*

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

29 April 2009

To the Shareholders

Dear Sir/Madam,

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

1. INTRODUCTION

On 30 May 2008, ordinary resolutions were passed to grant to the Directors the Issue Mandate and the Repurchase Mandate to issue Shares and to repurchase Shares respectively and to extend the Issue Mandate to include Shares repurchased under the Repurchase Mandate. These Issue Mandate and Repurchase Mandate will lapse at the conclusion of the AGM. It is therefore proposed to renew the Issue Mandate and the Repurchase Mandate at the AGM.

LETTER FROM THE BOARD

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 4 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 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 5 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. EXTENSION OF THE ISSUE MANDATE

At the AGM, an ordinary resolution set out in paragraph 6 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 nominal amount of the issued share capital of the Company as at the date of resolution approving the Issue Mandate.

5. RE-ELECTION OF RETIRING DIRECTORS

In relation to resolution number 2 as set out in the AGM Notice, Mr. Jiang Lei, Mr. Leung Shu Sun, Sunny and Professor Wang Guozhen will retire from the offices as Executive Director and Independent Non-Executive Directors respectively 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 11 to 14 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, Wanchai, 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 form of proxy 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. VOTING BY POLL

Pursuant to Rule 13.39 of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. The Chairman of the AGM will therefore demand a poll for every resolution put to the vote of the AGM in accordance with Article 72 of the Articles. The result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded and the poll results will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.paep.com.cn).

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 Company's memorandum and articles of association 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.

APPENDIX I EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE

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 2008) 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 during each of the twelve months preceeding the Latest Practicable Date:

| Month | Share Prices Per Share | |
|----------------------------------------------------|------------------------|-----------------------|
| | Highest <i>HK\$</i> | Lowest <i>HK\$</i> |
| 2008 | | |
| April | 3.00 | 2.08 |
| May | 3.05 | 2.55 |
| June | 3.23 | 2.26 |
| July | 2.77 | 1.90 |
| August | 2.12 | 1.60 |
| September | 2.00 | 1.00 |
| October | 1.22 | 0.495 |
| November | 1.17 | 0.61 |
| December | 1.15 | 0.80 |
| 2009 | | |
| January | 1.09 | 0.66 |
| February | 0.92 | 0.70 |
| March | 0.97 | 0.68 |
| April (<i>up to the Latest Practicable Date</i>) | 1.28 | 0.83 |

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 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 Director

Mr. Jiang Lei, aged 26, 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 Hong Kong or overseas 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' fee in the total sum of HK\$120,000 for the year ended 31 December 2008 and 400,000 share options were granted to Mr. Jiang during the year. The amount of emoluments paid to Mr. Jiang for the year ended 31 December 2008 is set out in note 8 to the financial statements in the Annual Report of the Company for the year ended 31 December 2008.

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, and he also held 400,000 share options in the Company 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 shareholder 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 Directors

Mr. Leung Shu Sun, Sunny, aged 46, joined the Company as an Independent Non-Executive Director in December 2007. He is the Chairman of the Audit Committee and also a member of the Nomination Committee and Remuneration Committee. He has over 15 years' working experience in, among other things, accounting, treasury management, budgeting and corporate finance. He graduated from Hong Kong Polytechnic University with a professional diploma in Accountancy and obtained a master's degree in business administration from the University of South Australia. He is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants and a member of Certified General Accountants' Association of Canada. From 2005 to 2007, he served as the financial controller, qualified accountant and company secretary of Xiwang Sugar Holdings Company Limited, the shares of which are listed on the Main Board of the Stock Exchange. From 2001 to the Latest Practicable Date, he was a director of a company providing accounting, tax and corporate finance services. From 1999 to 2001, he held key finance position in a listed company in Hong Kong. From 1998 to 1999, he was a finance director of a company principally engaged in the provision of network infrastructure solutions. From 1993 to 1998, he was the financial controller of a company principally engaged in property investment, trading and securities. From 1987 to 1990, he had worked in international accounting firms, handling audit, tax and accounting matters. Mr. Leung did not hold any other directorships in public listed companies in Hong Kong or overseas in the last three years.

Mr. Leung has been appointed for a term expiring on 30 November 2009. Mr. Leung 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\$216,000 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. Leung received director's fee in the total sum of HK\$216,000 for the year ended 31 December 2008 and 500,000 share options were granted to Mr. Leung during the year. The amount of emoluments paid to Mr. Leung for the year ended 31 December 2008 is set out in note 8 to the financial statements in the Annual Report of the Company for the year ended 31 December 2008.

As at the Latest Practicable Date, Mr. Leung held 500,000 share options in the Company within the meaning of Part XV of the SFO and Mr. Leung does not 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. Leung that need to be brought to the attention of the Shareholders.

Professor Wang Guozhen, aged 73, joined the Company as an Independent Non-Executive Director in December 2007. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee. He was from 1994 to 2005, a member of the Rare Earth Expert Group of China State Planning and Development Commission, and the team leader of the Industry Division. He graduated from the Department of Chemical Engineering of Tianjin University with a major in physical chemistry of metals (金屬物理化學). He is a member of the expert group and an adviser of the Environment Protection Specialist Commission. He has been an independent director of the State-owned Gansu Rare Earth Group Co., Ltd. since 2005. Professor Wang did not hold any other directorships in public listed companies in Hong Kong or overseas in the last three years.

Professor Wang has been appointed for a term expiring on 30 November 2009. Professor Wang 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. Professor Wang received director's fee in the total sum of HK\$60,000 for the year ended 31 December 2008 and 500,000 share options were granted to Professor Wang during the year. The amount of emoluments paid to Professor Wang for the year ended 31 December 2008 is set out in note 8 to the financial statements in the Annual Report of the Company for the year ended 31 December 2008.

As at the Latest Practicable Date, Professor Wang held 500,000 share options in the Company within the meaning of Part XV of the SFO and Professor Wang does not 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 Professor Wang 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 2009 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 Thursday, 4 June 2009 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 independent auditor for the year ended 31 December 2008.
2. 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.
3. To re-appoint independent auditor and to authorise the Board to fix their remuneration.
4. 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;

NOTICE OF ANNUAL GENERAL MEETING

- (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.”
5. 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

NOTICE OF ANNUAL GENERAL MEETING

- (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.”
6. 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 4 and 5 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 4 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 5 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, 29 April 2009

NOTICE OF ANNUAL GENERAL MEETING

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, Wanchai, 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, Wanchai, 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 Tuesday, 2 June 2009 to Thursday, 4 June 2009, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Monday, 1 June 2009.