

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about 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 Tao Heung Holdings Limited (the “**Company**”), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, licensed securities dealer, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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TAO HEUNG HOLDINGS LIMITED

稻香控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 573)

- (1) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**
(2) RE-ELECTION OF RETIRING DIRECTORS AND
(3) NOTICE OF THE AGM

A notice convening the AGM (as defined herein) of the Company to be held at 2/F., Nathan Hotel, 378 Nathan Road, Kowloon, Hong Kong on Thursday, 21 May 2009 at 10:00 a.m. is set out on pages 15 to 18 of this circular. A form of proxy for use at the AGM is enclosed.

Whether or not you are able to attend the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding of the AGM 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 or any adjourned meeting should you so wish.

* *For identification purpose only*

DEFINITIONS

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

“AGM”	annual general meeting of the Company to be held at 2/F., Nathan Hotel, 378 Nathan Road, Kowloon, Hong Kong on Thursday, 21 May 2009 at 10:00 a.m. or any adjournment thereof;
“Articles”	the articles of association of the Company;
“associates”	has the same meaning as ascribed thereto under the Listing Rules;
“Board”	the board of the Directors;
“Company”	Tao Heung Holdings Limited 稻香控股有限公司*, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board;
“Designated Stock Exchange”	a stock exchange in respect of which the Shares are listed or quoted and where such stock exchange deems such listing or quotation to be the primary listing or quotation of the Shares;
“Director(s)”	director(s) of the Company;
“General Mandates”	the Share Issue Mandate and the Share 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 PRC;
“Latest Practicable Date”	15 April 2009, being the latest practicable date prior to the printing of the circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Main Board”	the main board of the Stock Exchange;
“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 holder(s) of the Shares;

* For identification purpose only

DEFINITIONS

“Share Issue Mandate”	the proposed general mandate to be granted to the Directors to allot, issue and deal with the Shares with an aggregate nominal value not exceeding 20% of the share capital of the Company in issue as at the date of passing of the relevant resolution granting such mandate;
“Share Repurchase Mandate”	the proposed general mandate to be granted to the Directors to permit the repurchase of Shares of up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution granting such mandate;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers; and
“%”	per cent.



TAO HEUNG HOLDINGS LIMITED

稻香控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

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BOARD OF DIRECTORS

Executive Directors

Mr. CHUNG Wai Ping (*Chairman*)
Mr. WONG Ka Wing
Mr. CHUNG Ming Fat
Mr. LEUNG Yiu Chun (*Chief Executive Officer*)
Ms. WONG Fun Ching
Mr. HO Yuen Wah

Non-executive Directors

Mr. FONG Siu Kwong
Mr. CHAN Yue Kwong, Michael

Independent non-executive Directors

Mr. LI Tze Leung
Professor CHAN Chi Fai, Andrew
Mr. MAK Hing Keung, Thomas
Mr. NG Yat Cheung

REGISTERED OFFICE

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

**PRINCIPAL PLACE OF BUSINESS
IN HONG KONG**

No. 13 Au Pui Wan Street
Fo Tan, Shatin
New Territories
Hong Kong

20 April 2009

To the Shareholders

Dear Sir or Madam,

**(1) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
(2) RE-ELECTION OF RETIRING DIRECTORS AND
(3) NOTICE OF THE AGM**

1. INTRODUCTION

The purpose of this circular is to provide you with information in respect of (i) the Share Issue Mandate; (ii) the Share Repurchase Mandate; and (iii) the re-election of the retiring Directors, and to seek your approval of the resolutions relating to these matters at the AGM.

* *For identification purpose only*

LETTER FROM THE BOARD

2. GENERAL MANDATE TO ISSUE SHARES

At the AGM, an ordinary resolution will be proposed to grant to the Directors a general and unconditional mandate to allot, issue and deal with Shares representing up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution. As at the Latest Practicable Date, the issued share capital of the Company comprised 1,014,371,000 Shares. Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the date of passing the resolution approving the Share Issue Mandate, the maximum number of Shares which may be issued pursuant to the Share Issue Mandate on the date of passing the resolution approving the Share Issue Mandate will be 202,874,200 Shares.

The Share Issue Mandate will end 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 pursuant to the Articles or any applicable laws to be held; or (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the Shareholders in general meeting.

Subject to the passing of the following ordinary resolution regarding the Share Repurchase Mandate, an ordinary resolution will also be proposed at the AGM to authorise the Directors to issue new Shares in an amount not exceeding the aggregate nominal amount of the Shares repurchased pursuant to the Share Repurchase Mandate.

3. GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will be proposed to grant to the Directors a general and unconditional mandate to exercise all the powers of the Company to repurchase issued Shares subject to the criteria set out in this circular. In particular, Shareholders should note that the maximum number of Shares that may be repurchased pursuant to the Share Repurchase Mandate will be such number which represents 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution subject to the Listing Rules. The Repurchase Mandate will end 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 pursuant to the Articles or any applicable laws to be held; or (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the Shareholders in the general meeting. As at the Latest Practicable Date, the issued share capital of the Company comprised 1,014,371,000 Shares. Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the date of passing the resolution approving the Share Repurchase Mandate, the maximum number of Shares which may be repurchased pursuant to the Share Repurchase Mandate on the date of passing the resolution approving the Share Repurchase Mandate will be 101,437,100 Shares.

An explanatory statement, as required under the Listing Rules to provide the requisite information in connection with the Share Repurchase Mandate, is set out in Appendix I to this circular.

LETTER FROM THE BOARD

4. RE-ELECTION OF RETIRING DIRECTORS

Pursuant to Article 87 of the Articles, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at every annual general meeting of the Company provided that every Director shall be subject to retirement at least once every three years and shall then be eligible for re-election.

Accordingly, Ms. Wong Fun Ching, Mr. Ho Yuen Wah, Mr. Fong Siu Kwong and Mr. Li Tze Leung will retire at the AGM and, being eligible, would offer themselves for re-election.

Details of the retiring Directors who are proposed to be re-elected at the AGM are set out in Appendix II to this circular.

5. AGM

Set out on pages 15 to 18 of this circular is the Notice of the AGM convening the AGM at which, among other things, resolutions will be proposed to approve the Share Issue Mandate, the Share Repurchase Mandate, the extension of the Share Issue Mandate, the refreshment of the Scheme Mandate Limit under the Share Option Scheme and the re-election of the Directors.

6. PROXY ARRANGEMENT

A form of proxy for use at the AGM is enclosed with this circular. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of such power of attorney or authority, at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

7. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by a poll. Therefore, all resolutions proposed at the AGM shall be voted by poll. The results of the poll will be published on the HKExnews website at www.hkexnews.hk and the Company's website at www.taoheung.com.hk on the same day after the AGM.

LETTER FROM THE BOARD

8. RECOMMENDATION

The Directors believe that the grant of the Share Issue Mandate and the Share Repurchase Mandate, and the re-election of the retiring Directors are all in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend all Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully,
For and on behalf of the Board
CHUNG WAI PING
Chairman

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide all the information in relation to the Share Repurchase Mandate for your consideration.

1. LISTING RULES RELATING TO THE REPURCHASES OF SHARES

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their securities subject to certain restrictions.

All proposed repurchases of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate or by a specific approval of a particular transaction and that the shares to be repurchased must be fully paid up. A maximum of 10% of the issued capital as to the date of passing the relevant resolution may be repurchased on the Stock Exchange.

2. SHARE CAPITAL

As at the Latest Practicable Date, there were 1,014,371,000 Shares in issue. Subject to the passing of the resolution granting the Share 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 101,437,100 Shares representing 10% of the issued share capital of the Company as at the Latest Practicable Date.

3. REASONS FOR REPURCHASES

Although the Directors have no present intention of repurchasing the Shares, they believe that it is in the interests of the Company and Shareholders for the Directors to have a general authority from Shareholders to enable the Company to repurchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Memorandum of Association and the Articles of the Company and the applicable laws and regulations of the Cayman Islands.

It is presently proposed that any repurchase of the Shares would be made out of profits of the Company or the proceeds of a fresh issue made for the repurchase or out of capital provided that on the day immediately following the date of repurchase the Company is able to pay its debts as they fall due in the ordinary course of business.

5. IMPACT ON REPURCHASES

On the basis of the financial position of the Company as at 31 December 2008 (being the date of its latest audited accounts), the Directors consider that there is no material adverse impact on the working capital or gearing position of the Company if the Share Repurchase Mandate is exercised in full during the proposed repurchase period. However, the Directors do not intend to exercise the Share

Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital or the gearing level (as compared with the position disclosed in its most recent published audited accounts) which in the opinion of the Directors are from time to time appropriate for the Company.

6. MARKET PRICES

During each of the previous 12 months, the highest and lowest prices at which the Shares have been traded on the Stock Exchange were as follows:

MONTH	PRICE PER SHARE	
	Highest HK\$	Lowest HK\$
2008		
April	2.68	2.20
May	2.63	2.34
June	2.63	2.33
July	2.45	2.28
August	2.35	1.96
September	2.10	1.60
October	1.98	0.88
November	1.36	1.06
December	1.75	1.15
2009		
January	1.82	1.45
February	1.75	1.12
March	1.90	1.49
April (<i>Note</i>)	2.02	1.85

Note: Up to the Latest Practicable Date.

7. GENERAL INFORMATION

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 Shares to the Company or any of its subsidiaries, if the Share Repurchase Mandate is approved by the Shareholders.

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

8. UNDERTAKINGS

The Directors have undertaken to the Stock Exchange that they will exercise the Share Repurchase Mandate in accordance with the Listing Rules, the applicable laws of the Cayman Islands and the memorandum of association of the Company and the Articles.

9. TAKEOVERS CODE

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code.

Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Billion Era International Limited, being the substantial Shareholder (as defined in the Listing Rules), was beneficially interested in 360,097,689 Shares, representing approximately 35.50% of the issued share capital of the Company. In the event that the Directors exercise the Share Repurchase Mandate in full, the interests of Billion Era International Limited, in the Company would be increased to approximately 39.44% of the issued share capital of the Company, which will give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors have no intention to exercise the Share Repurchase Mandate to an extent as may result in the amount of Shares held by the public below 25% of the total issued share capital of the Company nor to an extent as would result in an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. Save as the above, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Share Repurchase Mandate.

10. SHARE REPURCHASE MADE BY THE COMPANY

In the six months preceding the date of this circular, the Company had repurchased its Shares on the Stock Exchange as follows:

Date of Repurchases	Number of Shares	Purchase Price <i>HK\$</i>
25 November 2008	3,000	1.24
25 November 2008	47,000	1.16
26 November 2008	28,000	1.23
28 November 2008	10,000	1.25
1 December 2008	<u>1,000</u>	1.24
	<u><u>89,000</u></u>	

Save as disclosed above, the Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding 15 April 2009 (being the latest practicable date prior to the printing of this circular).

The following sets out the details of the Directors who will retire and, being eligible, offer themselves for re-election at the AGM pursuant to the Articles:

A. Ms. Wong Fun Ching

Experience

Ms. Wong Fun Ching, aged 46, is an Executive Director and was appointed on 1 March 2007. Ms. Wong is primarily responsible for the overall environmental control and the operational workflow re-engineering of the group's restaurants and logistics centres. Ms. Wong joined us in August 2005 as deputy director of logistics operation and began her career in the Chinese restaurant industry. Prior to joining the Group, Ms. Wong held management positions in various multinational corporations, including Motorola, Inc.. Ms. Wong holds a higher certificate in production and industrial engineering from the Hong Kong Polytechnic University, a Bachelor degree (honours) of Business Administration in Business Information Systems from the Open University of Hong Kong and a Master degree of Science in Engineering Business Management from the Hong Kong Polytechnic University.

Saved as disclosed herein, Ms. Wong did not hold any directorship in any other listed companies during the last three years preceding the Latest Practicable Date.

Length of Service

The initial term of Ms. Wong is three year commencing from 29 June 2007.

The term of office of Ms. Wong shall continue after the expiration of the initial term until at least three month's written notice by Ms. Wong to terminate the same. The Company may at any time by summary notice in writing to terminate the same if Ms. Wong commits any breach of any of her material obligations and/or undertakings under the service agreement or commits an act of bankruptcy or commits any act which would under any applicable laws, permit the Company to terminate her appointment.

Relationships

Ms. Wong has no relationship with any directors, senior management or substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

Interests in Shares

So far as the Directors are aware as at the Latest Practicable Date, Ms. Wong has an equity derivatives in 800,000 shares within the meaning of Part XV of the SFO.

Directors' emoluments

Under the letter of appointment entered into between Ms. Wong and the Company on 1 March 2007, Ms. Wong is currently entitled to an annual fee of HK\$540,000 (subject to annual review by the remuneration committee of the Board).

Matters that need to be brought to the attention of the Shareholders

Save as disclosed above, Ms. Wong has confirmed that there is no information that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there are no other matters concerning Ms. Wong that need to be brought to the attention of the Shareholders.

B. Mr. Ho Yuen Wah*Experience*

Mr. Ho Yuen Wah, aged 47, is an Executive Director and was appointed on 1 March 2007. Mr. Ho is the director of China market development and is primarily responsible for the business development in the Mainland China. Mr. Ho joined the Group in December 1991 as restaurant manager and was promoted to be the director of business management department of the Group in 2003. Mr. Ho has over 25 years of experience in the Chinese restaurant industry.

Saved as disclosed herein, Mr. Ho did not hold any directorship in any other listed companies during the last three years preceding the Latest Practicable Date.

Length of Service

The initial term of Mr. Ho is three year commencing from 29 June 2007.

The term of office of Mr. Ho shall continue after the expiration of the initial term until at least three month's written notice by Mr. Ho to terminate the same. The Company may at any time by summary notice in writing to terminate the same if Mr. Ho commits any breach of any of his material obligations and/or undertakings under the service agreement or commits an act of bankruptcy or commits any act which would under any applicable laws, permit the Company to terminate his appointment.

Relationships

Mr. Ho has no relationship with any directors, senior management or substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

Interests in Shares

So far as the Directors are aware as at the Latest Practicable Date, Mr. Ho has a beneficial interest of 2,900,000 Shares of the Company within the meaning of Part XV of the SFO.

Directors' emoluments

Under the letter of appointment entered into between Mr. Ho and the Company on 1 March 2007, Mr. Ho is currently entitled to an annual fee of HK\$512,400 (subject to annual review by the remuneration committee of the Board).

Matters that need to be brought to the attention of the Shareholders

Save as disclosed above, Mr. Ho has confirmed that there is no information that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there are no other matters concerning Mr. Ho that need to be brought to the attention of the Shareholders.

C. Mr. Fong Siu Kwong*Experience*

Mr. Fong Siu Kwong, aged 51, is a Non-executive Director and was appointed on 1 March 2007. Besides, he was also appointed as a member of Remuneration Committee on 9 June 2007. Mr. Fong holds a Bachelor degree of Laws from University of Wolverhampton, a Postgraduate Certificate in Laws from The University of Hong Kong and a Master degree of Laws in Chinese and Comparative Law from the City University of Hong Kong. He was admitted as a solicitor in Hong Kong in 1996. Mr. Fong is currently a consultant solicitor in Howell & Co. Mr. Fong has over 28 years of legal experience. Mr. Fong is also the Honourable legal adviser to the Hong Kong Chinese Civil Servants' Association.

Save as disclosed herein, Mr. Fong did not hold any directorship in any other listed companies during the last three years preceding the Latest Practicable Date.

Mr. Fong is a member of the nomination committee of the Company.

Length of Service

The initial term of service of Mr. Fong is one year commencing from 29 June 2007 and subsequently renewed for a period of 2 years from 29 June 2008 till 28 June 2010.

The term of office of Mr. Fong shall continue after the expiration of the initial term until at least three month's written notice by Mr. Fong or the Company to terminate the same.

Relationships

Mr. Fong has no relationship with any directors, senior management or substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

Interests in Shares

So far as the Directors are aware as at the Latest Practicable Date, Mr. Fong has a beneficial interest of 180,000 Shares within the meaning of Part XV of the SFO.

Directors' emoluments

Under the letter of appointment entered into between Mr. Fong and the Company on 27 June 2008, Mr. Fong is currently entitled to an annual fee of HK\$144,000 (subject to annual review by the remuneration committee of the Board).

Matters that need to be brought to the attention of the Shareholders

Save as disclosed above, Mr. Fong has confirmed that there is no information that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there are no other matters concerning Mr. Fong that need to be brought to the attention of the Shareholders.

D. Mr. Li Tze Leung*Experience*

Mr. Li Tze Leung, *SBS, JP*, aged 54, is an Independent Non-executive Director and was appointed on 1 March 2007. Besides, he was also appointed as a member of both Audit Committee and Remuneration Committee on 9 June 2007. Mr. Li has been serving the retail industry for more than 30 years and is currently the Chairman of Broadway Photo Supply Ltd. He is a member of the National Committee of Chinese People's Political Consultative Conference, as well as the Hong Kong SAR Election Committee. Mr. Li is also the Chairman of Quality Tourism Services Association, the Hong Kong Photo Marketing Association Ltd., the President of H.K. & Kowloon Electrical Appliances Merchants Association Ltd., and an Executive Committee Member of Hong Kong Retail Management Association.

Save as disclosed herein, Mr. Li did not hold any directorship in any other listed companies during the last three years preceding the Latest Practicable Date.

Mr. Li is the Chairman of the remuneration committee and a member of the audit committee of the Company.

Length of Service

The initial term of service of Mr. Li is one year commencing from 29 June 2007 and subsequently renewed for a period of 2 years from 29 June 2008 till 28 June 2010.

The term of office of Mr. Li shall continue after the expiration of the initial term until at least three month's written notice by Mr. Li or the Company to terminate the same.

Relationships

Mr. Li has no relationship with any directors, senior management or substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

Interests in Shares

So far as the Directors are aware as at the Latest Practicable Date, Mr. Li does not have any interest in the Share or underlying Shares within the meaning of Part XV of the SFO.

Directors' emoluments

Under the letter of appointment entered into between Mr. Li and the Company on 27 June 2008, Mr. Li is currently entitled to an annual fee of HK\$144,000 (subject to annual review by the remuneration committee of the Board).

Matters that need to be brought to the attention of the Shareholders

Save as disclosed above, Mr. Li has confirmed that there is no information that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there are no other matters concerning Mr. Li that need to be brought to the attention of the Shareholders.

NOTICE OF THE AGM



TAO HEUNG HOLDINGS LIMITED

稻香控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 573)

NOTICE OF THE AGM

NOTICE IS HEREBY GIVEN that the annual general meeting (“**AGM**”) of Tao Heung Holdings Limited (the “**Company**”) will be held at 2/F., Nathan Hotel, 378 Nathan Road, Kowloon, Hong Kong on Thursday, 21 May 2009 at 10:00 a.m. for the following purposes:

1. To receive and adopt the audited consolidated financial statements and the reports of the directors (the “**Director(s)**”) of the Company and the auditors (the “**Auditors**”) of the Company for the year ended 31 December 2008.
2. To approve and declare the payment of a final dividend of HK4.50 cents and a special dividend of HK1.50 cents per ordinary share for the year ended 31 December 2008.
3. To re-elect retiring Directors and to authorise the board of Directors (the “**Board**”) to determine their remuneration.
4. To re-appoint Ernst & Young as the Auditors and to authorise the Board to fix their remuneration.

As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

5. (A) “**THAT**:
 - (i) subject to paragraph (iii) of this Resolution, and pursuant to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as hereinafter defined) on all the powers of the Company to allot, issue or otherwise deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers, be and the same is hereby generally and unconditionally approved;

* For identification purpose only

NOTICE OF THE AGM

- (ii) the approval in paragraph (i) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;
- (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (i) of this Resolution, otherwise than by way of (a) a Rights Issue (as hereinafter defined); or (b) the exercise of or the grant of any option under any share option scheme of the Company or similar arrangement for the time being adopted for the issue or grant to officers and/or employees of the Company and/or any of its subsidiaries of shares or options to subscribe for or rights to acquire shares of the Company; or (c) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the articles of association of the Company in force from time to time, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution and the said approval be limited accordingly; and
- (iv) for the purpose of this Resolution:
 - (a) “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; or
 - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders in general meeting.
 - (b) “Rights Issue” means an offer of shares in the share capital of the Company or an offer or issue of warrants or options or similar instruments to subscribe for shares in the share capital of the Company open for a period fixed by the Directors to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares in the Company (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognized regulatory body or any stock exchange applicable to the Company).”

NOTICE OF THE AGM

(B) **“THAT:**

- (i) subject to paragraph (ii) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares in the share capital of the Company on the Stock Exchange or any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong (the “SFC”) and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the SFC, the Stock Exchange or of any other stock exchange as amended from time to time and all applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of issued shares of the Company which may be repurchased by the Company pursuant to the approval in paragraph (i) of this Resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly; and
- (iii) for the purpose of this Resolution:

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

- (a) the conclusion of the next annual general meeting of the Company;
- (b) 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; or
- (c) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders in general meeting.”

- (C) **“THAT** conditional upon Resolutions No. 5(A) and No. 5(B) above being passed, the general mandate granted to the Directors to allot, issue or otherwise deal with additional shares pursuant to Resolution No. 5(A) be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares of the Company repurchased by the Company under the authority granted pursuant to Resolution No. 5(B).”

By Order of the Board
CHUNG WAI PING
Chairman

Hong Kong, 20 April 2009

NOTICE OF THE AGM

Notes:

1. A form of proxy for use at the AGM of the Company or any adjournment thereof is enclosed.
2. Any member entitled to attend and vote at the AGM of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the AGM of the Company. A proxy need not be a member of the Company.
3. In order to be valid, the form of proxy completed in accordance with the instructions set out therein, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of that power or authority) must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the AGM of the Company or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.
4. In case of joint holders of any share, any one of such joint holders may vote at the AGM of the Company, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders are present at the meeting in person or by proxy, then one of the said persons to present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
5. The register of members of the Company will be closed from Monday, 18 May 2009 to Thursday, 21 May 2009, both days inclusive, during which period no transfer of shares of the Company will be registered. Subject to the approval of the Directors' recommendation by members at the AGM, a final dividend of HK4.50 cents and a special dividend of HK1.50 cents per ordinary share will be paid to members whose names appear on the register of members of the Company as at the close of business on Friday, 15 May 2009. In order to qualify for entitlement to the proposed final dividend and special dividend for the year ended 31 December 2008 and for attending the annual general meeting of the Company to be held on Thursday, 21 May 2009, all transfers of shares of the Company accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the transfer office of the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 15 May 2009.
6. A circular containing, *inter alia*, details of the proposed general mandates to issue and repurchase shares of the Company and information of the retiring directors of the Company who are proposed to be re-elected at the annual general meeting, will be despatched to the shareholders of the Company on Monday, 20 April 2009.