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

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in K. Wah International Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular should be read in conjunction with the accompanying Annual Report for the year ended 31st December 2007.

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K. WAH INTERNATIONAL HOLDINGS LIMITED  
嘉華國際集團有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 173)**

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

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## DEFINITIONS

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

“2007 AGM”	the annual general meeting of the Company held on 20 June 2007
“Annual General Meeting”	the annual general meeting of the Company to be held at Picasso Room, Basement 1, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Tuesday, 27 May 2008 at 11:00 a.m.
“Annual Report”	the annual report of the Company for the year ended 31 December 2007
“associate”	has the meaning as ascribed to the expression under the Listing Rules
“Bye-laws”	the Bye-laws of the Company and “Bye-law” accordingly
“Board”	the board of Directors of the Company
“Company”	K. Wah International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected persons”	has the meaning as ascribed to the expression under the Listing Rules
“Director(s)”	the director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of The People's Republic of China
“Latest Practicable Date”	24 April 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Code”	the Hong Kong Code on Share Repurchases
“Securities and Futures Ordinance”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s) of the Company
“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



K. WAH INTERNATIONAL HOLDINGS LIMITED  
嘉華國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 173)

**Executive Directors:**

Dr. Che-woo Lui, GBS, MBE, JP, LLD, DSSc, DBA (*Chairman*)  
Francis Lui Yiu Tung  
Eddie Hui Ki On, GBS, CBE, QPM, CPM (*Managing Director (Acting)*)  
Lennon Lun Tsan Kau (*Deputy Managing Director*)  
Paddy Tang Lui Wai Yu, JP

**Non-Executive Directors:**

Sir David Akers-Jones\*, KBE, GBM, CMG, Hon. RICS, JP  
Michael Leung Man Kin, CBE, JP  
Dr. Philip Wong Kin Hang, GBS, JP, LLD, DH  
Dr. The Hon. Leo Lee Tung Hai\*, GBM, GBS, LLD, JP  
Dr. Robin Chan Yau Hing\*, GBS, LLD, JP  
Dr. Charles Cheung Wai Bun\*, JP  
Robert George Nield\*

\* *Independent Non-executive Directors*

**Registered Office:**

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

**Principal Place of Business  
in Hong Kong:**

29th Floor  
K. Wah Centre  
191 Java Road  
North Point  
Hong Kong

To the Shareholders,

30 April 2008

Dear Sir or Madam,

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

**INTRODUCTION**

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the Annual General Meeting relating to (i) the re-election of Directors; and (ii) the granting to the Directors of a general mandate for the repurchase of Shares representing up to 10% and to issue new Shares as not exceeding 20% of the Company's issued share capital as at the date of passing of such resolution, and to give you the notice of the Annual General Meeting.

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## LETTER FROM THE BOARD

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### RE-ELECTION OF DIRECTORS

Pursuant to Bye-law 109(A) of the Bye-laws and the corporate governance practices of the Company, Mr. Michael Leung Man Kin and Dr. Philip Wong Kin Hang (both Non-executive Directors), and Dr. Charles Cheung Wai Bun and Mr. Robert George Nield (both Independent non-executive Directors) will retire by rotation at the Annual General Meeting. Dr. Philip Wong Kin Hang and Dr. Charles Cheung Wai Bun have elected not to offer themselves for re-election and will retire at the conclusion of the Annual General Meeting. Dr. Philip Wong Kin Hang would like to devote more time for his personal affairs and Dr. Charles Cheung Wai Bun would like to reallocate his time for other business commitments. Both Dr. Philip Wong Kin Hang and Dr. Charles Cheung Wai Bun have confirmed that they have no disagreement with the Board and are not aware of any matter regarding their respective retirements that need to be brought to the attention of the Shareholders. The Board would like to express sincere appreciation to Dr. Philip Wong Kin Hang and Dr. Charles Cheung Wai Bun for their support, devotion and invaluable contribution to the Company during their tenure of director's office. Mr. Michael Leung Man Kin and Mr. Robert George Nield will offer themselves for re-election at the Annual General Meeting.

Details of the Directors proposed to be re-elected are set out in Appendix I to this circular.

Mr. Robert George Nield has made his annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that Mr. Robert George Nield meets the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent in accordance with the terms of the guidelines.

Pursuant to Bye-law 114, any Shareholder who wishes to nominate a person to stand for election as a Director at the Annual General Meeting must lodge with the Company at its principal place of business in Hong Kong at 29th Floor, K. Wah Centre, 191 Java Road, North Point, Hong Kong within the period from 1 May 2008 to 6 May 2008 (both days inclusive) and in any event by 6 May 2008 the latest: (i) his written nomination of the candidate, (ii) written confirmation from such nominated candidate of his willingness to be elected as Director and (iii) the biographical details of such nominated candidate as required under Rule 13.51(2) of the Listing Rules for publication by the Company. If such nomination and/or information is received less than 21 days before the Annual General Meeting, the Company may adjourn the Annual General Meeting to allow Shareholders sufficient time to consider the same.

### GENERAL MANDATE TO REPURCHASE SHARES AND TO ISSUE NEW SHARES

At the 2007 AGM, ordinary resolutions were passed granting general mandate for the Directors to repurchase Shares not exceeding 10% ("Existing Repurchase Mandate") and to issue and allot new Shares not exceeding 20% ("Existing Share Issue Mandate") of the issued share capital of the Company as at that date.

The Existing Repurchase Mandate and the Existing Share Issue Mandate will expire upon the conclusion of the Annual General Meeting. The Directors consider that the Existing Repurchase Mandate and the Existing Share Issue Mandate increase the flexibility of the Board in managing the Company's financial affairs and capital base and are in the interests of the Shareholders, and that they shall continue to be adopted by the Company.

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## LETTER FROM THE BOARD

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At the Annual General Meeting, a new general mandate for the Directors to repurchase Shares representing up to 10% and a new general mandate for the Directors to issue and allot new Shares as not exceeding 20% of the issued share capital of the Company as at the date of passing of such resolutions, as respectively set out in Resolution 5.1 ("New Repurchase Mandate") and in Resolutions 5.2 and 5.3 ("New Share Issue Mandate") in the notice of the Annual General Meeting, will be proposed. Resolution 5.2 also proposes to add to the 20% limit under the New Share Issue Mandate such Shares as may be repurchased pursuant to the New Repurchase Mandate, assuming Resolutions 5.1, 5.2 and 5.3 are all passed, and the mandates sought therein all granted, by Shareholders at the Annual General Meeting. The New Repurchase Mandate and the New Share Issue Mandate will continue in force until the conclusion of the next annual general meeting of the Company unless it is revoked or varied by ordinary resolution of the Shareholders in general meeting prior to the next annual general meeting.

With respect to the proposed New Repurchase Mandate, the Directors wish to state that they have no immediate plans to repurchase any Shares. An explanatory statement containing the particulars required by the Listing Rules to enable the Shareholders to make an informed view on whether to vote for or against Resolution 5.1 to be proposed at the Annual General Meeting in relation to the New Repurchase Mandate is set out in Appendix II to this circular. With respect to the proposed New Share Issue Mandate, as at the Latest Practicable Date (assuming no further changes to the issued share capital of the Company from that date till the date of the Annual General Meeting), the maximum number of Shares that can be allotted and issued by the Company is 491,806,101 Shares.

### **RIGHT TO DEMAND A POLL**

Bye-law 78 of the Bye-laws sets out the procedures by which Shareholders may demand a poll:

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) is demanded:—

- (i) by the Chairman of the meeting; or
- (ii) by at least three members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person (or, in the case of a member 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 members having the right to vote at the meeting; or
- (iv) by a member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company 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 the shares conferring that right.

Unless a poll be so demanded and not withdrawn, a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.

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## LETTER FROM THE BOARD

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If the Chairman of the Annual General Meeting holds, or he is aware that the Directors individually or collectively hold proxies in respect of Shares holding 5% or more of the total voting rights at the Annual General Meeting, then in compliance with the requirements of Rule 13.39(3), if on a show of hands a meeting votes in the opposite manner to that instructed in those proxies, the Chairman will demand a poll, and the Chairman will disclose to the meeting the total number of votes represented by all proxies held by Directors indicating an opposite vote to the votes cast at the meeting on show of hands. If it is apparent from the total proxies held that a vote taken on a poll will not reverse the vote taken on a show of hands, the Chairman will not demand a poll.

Except where a poll is required, the Chairman of the meeting would indicate to the meeting the level of proxies lodged on each resolution, and the balance for and against the resolution, after it has been dealt with on a show of hands.

### NOTICE OF ANNUAL GENERAL MEETING

Notice of the Annual General Meeting is set out in Appendix III to this circular. A proxy form for use at the Annual General Meeting is enclosed with the Annual Report. Whether or not you are able to attend the meeting, you are reminded to complete the proxy form in accordance with the instructions printed thereon and **return it to** the principal place of business of the Company in Hong Kong at **29th Floor, K. Wah Centre, 191 Java Road, North Point, Hong Kong (for the attention of the Company Secretary)** as soon as possible and, in any event, so as to be received by the Company not less than **48 hours before the time appointed for holding the Annual General Meeting** or any adjournment thereof. Completion and delivery of the proxy form will not prevent you from attending and voting in person at the meeting if you so wish.

### RECOMMENDATION

The Directors consider that the re-election of Directors, the New Repurchase Mandate and the New Share Issue Mandate are each in the best interests of the Company, and accordingly, recommend all Shareholders to vote in favour of such resolutions to be proposed at the Annual General Meeting.

### GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Dr. Che-woo Lui**  
*Chairman*

*The details of the Directors proposed to be re-elected at the Annual General Meeting are set out below:*

**Mr. Michael Leung Man Kin**, CBE, JP, (non-executive Director) age 69, served the Group in 1998 as Deputy Chairman (Administration) until 2001, and then as an Adviser until 2006. He was an executive Director in September 1998 and has become a non-executive Director since March 2001. Mr. Leung has been a member of the audit committee of the Company since March 2005. Mr. Leung holds a BA (Hons) from the University of Hong Kong and a certificate in government and development from Oxford University, UK. He has served the Hong Kong Government for 32 years in a wide range of top level positions, including Secretary for Transport, Secretary for Education and Manpower and Commissioner of the Independent Commission Against Corruption. He also served as an Official Member of the Legislative Council.

Save as disclosed herein and apart from being a non-executive Director of the Company, Mr. Leung did not hold any directorship in any listed public company in the past three years and does not have any other positions with the Company or any of its subsidiaries.

Save as disclosed above and except for the relationship arising from his directorship in the Company, Mr. Leung does not have any relationships with any Directors, senior management or substantial or controlling Shareholders of the Company.

There is no service contract between the Company and Mr. Leung. Mr. Leung's original term was 3 years expiring in 2008, subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws. His emoluments comprise an annual salary (including allowances), an annual director's fee (which will be proposed by the Board for approval by the Shareholders at the subsequent year's annual general meeting) and discretionary share options. Mr. Leung has received director's emoluments of HK\$376,700 being the share-based payment for the year ended 31 December 2007. An annual director's fee of HK\$100,000 and an annual fee of HK\$80,000 for acting as a member of the Audit Committee will be payable to Mr. Leung for the year ended 31 December 2007 upon approval by the Shareholders at the Annual General Meeting. Director's fee and Audit Committee member's fee for the year ending 31 December 2008 will be proposed by the Board for approval by the Shareholders at the annual general meeting of the Company in 2009. His emoluments are determined by reference to his duties and responsibilities with the Company, the Company's performance and profitability, the Company's remuneration policy and the market pay-level for same position.

As at the Latest Practicable Date, Mr. Leung has interests in 500,000 share options of the Company. Save as disclosed in this circular, Mr. Leung has no interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

There is no information relating to Mr. Leung which is discloseable nor is he involved in any of the matters which fall to be disclosed pursuant to any of the provisions under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the Shareholders.

**Mr. Robert George Nield**, (independent non-executive Director) aged 56, has been an independent non-executive Director and a member of the audit committee of the Company since September 2004. Mr. Nield has been a member of the remuneration committee of the Company since December 2005. He is a Fellow of The Hong Kong Institute of Certified Public Accountants and The Institute of Chartered Accountants in England and Wales and has over 30 years of experience in professional auditing and accounting. Mr. Nield worked for PricewaterhouseCoopers ("PwC") from 1980 (partner since 1985) to 2002. In addition to being audit partner, he was from time to time in charge of PwC's Computer Audit, Continuing Education and Human Resources departments. He retired from PwC in June 2002. Mr. Nield is the President of the Hong Kong Branch of the Royal Asiatic Society and a Director of Opera Hong Kong Limited.

Save as disclosed herein and apart from being an independent non-executive Director of the Company, Mr. Nield did not hold any directorship in any listed public company in the past three years and does not hold any other positions with the Company or any of its subsidiaries.

Save as disclosed herein and except for the relationship arising from his directorship in the Company, Mr. Nield does not have any relationships with any Directors, senior management or substantial or controlling Shareholders of the Company.

Mr. Nield's service contract provides for a fixed term of 3 years. The term of his service as an independent non-executive Directors is subject to retirement and re-election at the annual general meeting in accordance with the Bye-laws, Mr. Nield offers himself for re-election to serve another term of 3 years as the independent non-executive Director of the Company. The amount of emoluments payable to Mr. Nield comprises an annual director's fee (which will be proposed by the Board for approval by the Shareholders at the subsequent year's annual general meeting) and discretionary share options. Mr. Nield has received director's emoluments of HK\$376,700 being the share-based payment for the year ended 31 December 2007. An annual director's fee of HK\$100,000, an annual fee of HK\$80,000 for acting as a member of the Audit Committee and an annual fee of HK\$40,000 for acting as a member of the Remuneration Committee will be payable to Mr. Nield for the year ended 31 December 2007 upon approval by the Shareholders at the Annual General Meeting. Director's fee, Audit Committee member's fee and Remuneration Committee member's fee for the year ending 31 December 2008 will be proposed by the Board for approval by the Shareholders at the annual general meeting of the Company in 2009. His emoluments are determined by reference to his duties and responsibilities with the Company, the Company's performance and profitability, the Company's remuneration policy and the market pay-level for same position.

As at the Latest Practicable Date, Mr. Nield has interests in 253,000 Shares and 500,000 share options of the Company. Save as disclosed in this circular, Mr. Nield has no interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

There is no information relating to Mr. Nield which is discloseable nor is he involved in any of the matters which fall to be disclosed pursuant to any of the provisions under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the Shareholders.

*This Appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the Annual General Meeting in relation to the proposed repurchase mandate.*

## **SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,459,030,508 Shares. As at the same date, there are outstanding share options granted under the Company's share option schemes to subscribe for 28,745,000 Shares and convertible bonds which are convertible into an aggregate of 21,505,376 Shares.

Subject to the passing of the resolution granting the proposed mandate to repurchase Shares and on the basis that no further Shares are issued (whether generally or pursuant to the exercise of the subscription rights attaching to the outstanding options or the conversion rights attaching to the convertible bonds) or repurchased before the Annual General Meeting, the Company will be allowed to repurchase a maximum of 245,903,050 Shares (representing a maximum of 10% of the issued share capital of the Company as at the date of passing the relevant resolution granting the general mandate may be repurchased on the Stock Exchange) during the period ending on the earliest of: (i) the conclusion of the next annual general meeting of the Company in 2009; or (ii) the date by which the next annual general meeting of the Company is required to be held by the Bye-laws or by law; or (iii) the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

## **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 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 assets value of the Company and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company and in circumstances where they consider that the Shares can be repurchased on terms favourable to the Company. On the basis of the consolidated financial position of the Company as at 31 December 2007, being the date to which the latest published audited accounts of the Company were made up, the Directors consider that if the general mandate to repurchase Shares were to be exercised in full at the currently prevailing market value, there might be a material adverse impact on the working capital position and gearing position of the Company. The Directors do not propose to exercise the mandate to repurchase Shares to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company as disclosed in the latest published financial statements of the Company.

## **FUNDING OF REPURCHASES**

Repurchases made pursuant to the proposed mandate to repurchase Shares would be funded out of funds legally available for the purpose in accordance with the Bye-laws and the applicable laws of Bermuda.

**EFFECT OF THE 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 Rule 32 of the Takeovers Code and Rule 6 of the Repurchase 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, Dr. Che-woo Lui and his associates is beneficially interested in 1,343,920,994 Shares representing approximately 54.65% of the issued share capital of the Company. In addition, a substantial shareholder is interested in 369,015,033 Shares representing approximately 15.01% of the issued share capital of the Company as at the Latest Practicable Date. Based on such shareholding interests and in the event that the power to repurchase Shares pursuant to the New Repurchase Mandate is exercised in full and taking no account of the exercise of outstanding options or the conversion of the convertible bonds, the respective interests held by Dr. Che-woo Lui and his associates and by the aforesaid substantial shareholder in the Company will increase to approximately 60.72% and 16.67% respectively of the issued share capital of the Company. The Directors are not aware of any consequence which would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no present intention to exercise the New Repurchase Mandate in such a way as will result in an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

Although such increase may not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code, the aggregate shareholdings of Dr. Che-woo Lui and that substantial shareholder (totaling 77.39%) may result in the public float of the Company falling below the requisite 25% threshold. The Company has no present intention to exercise the New Repurchase Mandate in such a way as will result in the amount of shares held by the public being reduced to less than 25%.

**SHARE PRICES**

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the past twelve months preceding the Latest Practicable Date:

<b>Month</b>	<b>Highest (HK\$)</b>	<b>Lowest (HK\$)</b>
<b>2007</b>		
April	2.94	2.63
May	2.84	2.60
June	3.07	2.69
July	3.75	3.01
August	3.50	2.70
September	4.94	3.20
October	5.57	4.20
November	5.80	4.40
December	5.30	4.21
<b>2008</b>		
January	5.05	3.45
February	3.92	3.52
March	3.61	2.57
April (up to the Latest Practicable Date)	3.36	2.60

**REPURCHASE OF SHARES**

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.

**GENERAL**

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their associates currently intend to sell Shares to the Company or its subsidiaries.

No connected persons of the Company have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so in the event that the Company is authorised to make repurchases of the Shares.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the proposed mandate to repurchase Shares in accordance with the Listing Rules and the applicable laws of Bermuda.

 K. WAH INTERNATIONAL HOLDINGS LIMITED  
嘉華國際集團有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 173)**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“**AGM**”) of the shareholders of K. Wah International Holdings Limited (“**Company**”) will be held at Picasso Room, Basement 1, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Tuesday, 27 May 2008 at 11:00 a.m. for the following purposes:

1. To receive and consider the financial statements and reports of the directors and auditors for the year ended 31 December 2007;
2. To declare a final dividend for the year ended 31 December 2007;
3. To elect directors and fix the directors' remuneration;
4. To re-appoint auditors and authorise the directors to fix their remuneration;
5. As special business, to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

5.1 **“THAT**

(a) a general mandate be and is hereby given unconditionally to the directors of the Company (“**Directors**”) during the Relevant Period to exercise all the powers of the Company to repurchase or otherwise acquire shares of the Company in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) provided that the aggregate nominal amount of shares so repurchased or otherwise acquired pursuant to the approval in this paragraph 5.1(a) shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution, and the said mandate shall be limited accordingly; and

(b) for the purpose of this Resolution:

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

- (i) the conclusion of the next AGM of the Company;
- (ii) the expiration of the period within which the next AGM of the Company is required by the Bye-laws of the Company or the Companies Act 1981 of Bermuda (as amended from time to time) to be held; and
- (iii) the revocation or variation of the authority given by this Resolution by an ordinary resolution of the shareholders in general meeting.”

## 5.2 "THAT

- (a) subject to paragraph 5.2(c) below and subject to the consent of the Bermuda Monetary Authority, a general mandate be and is hereby granted unconditionally to the Directors to exercise during the Relevant Period 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, warrants and options which would require the exercise of such power;
- (b) the mandate in paragraph 5.2(a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements, warrants and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the mandate in paragraph 5.2(a) above — otherwise than pursuant to (i) a Rights Issue; or (ii) the exercise of rights of subscription or conversion under the terms of any securities which are convertible into shares of the Company; or (iii) any share option scheme or similar arrangement for the time being adopted by the Company in accordance with the Listing Rules for the grant or issue of shares or rights to acquire shares of the Company; or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws — shall not exceed the aggregate of:
  - (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution 5.2; and
  - (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of share capital of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10% of the share capital of the Company in issue at the date of passing this Resolution),

and the said mandate shall be limited accordingly; and

- (d) for the purpose of this Resolution 5.2:

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

- (i) the conclusion of the next AGM of the Company;
- (ii) the expiration of the period within which the next AGM of the Company is required by the Bye-laws or the Companies Act 1981 of Bermuda (as amended from time to time) to be held; and
- (iii) the revocation or variation of the authority given by this Resolution by an ordinary resolution of the shareholders in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors to shareholders on the Company's registers on a fixed record date in proportion to their then shareholdings (subject to such exclusion 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 any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

- 5.3 **“THAT** the Directors be and they are hereby authorised to exercise the powers of the Company referred to in paragraph (a) of the resolution set out as Resolution 5.2 in the notice of the AGM of which this Resolution forms a part in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (c) of such resolution.”

By Order of the Board  
**Ricky Chan Ming Tak**  
*Company Secretary*

Hong Kong, 30 April 2008

**Notes**

1. Shareholder entitled to attend and vote at the AGM to be held on 27 May 2008 is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. A proxy needs not be a shareholder of the Company.
2. Proxy form for use at the AGM is sent to the shareholders together with the 2007 Annual Report on 30 April 2008. The proxy form will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited. To be valid, proxy forms must be completed, signed and deposited at the principal place of business of the Company in Hong Kong at 29/F., K. Wah Centre, 191 Java Road, North Point, Hong Kong (for the attention of the Company Secretary) not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof.
3. The Board has recommended a final cash dividend of 3 HK cents per share.
4. The registers of members will be closed from 21 May 2008 to 27 May 2008 (both days inclusive) during which period no share transfer will be effected. To rank for the final dividend, all share transfers shall be lodged with the Company's Branch Share Registrars in Hong Kong — Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong — not later than 4:30 p.m. on 20 May 2008.
5. On agenda item 3 of this Notice, Mr. Michael Leung Man Kin, Dr. Philip Wong Kin Hang, Dr. Charles Cheung Wai Bun and Mr. Robert George Nield will retire at the AGM by rotation in accordance with the Bye-laws and the corporate governance practices of the Company. Dr. Philip Wong Kin Hang and Dr. Charles Cheung Wai Bun have elected not to offer themselves for re-election and will retire at the conclusion of the AGM. Mr. Michael Leung Man Kin and Mr. Robert George Nield will offer themselves for re-election. Biographical details of these 2 Directors are set out in Appendix I to this circular. Details of submitting the proposal by a shareholder for nomination of a person for election as a Director at the AGM are set out under the section headed “Re-election of Directors” in this circular. Shareholders will vote on the re-election of these retiring Directors individually by separate resolutions.

6. The remuneration payable to Directors who serves on the Board, the Audit Committee and the Remuneration Committee for financial year ended 31 December 2007, and for each financial year afterwards until the Company in next or subsequent general meeting otherwise determines will be at the levels as shown in this table. Such remuneration to Directors is to take effect from the date of their respective first meeting in the relevant financial year and if necessary, be apportioned pro rata to the number of days lapsed since the relevant appointment to the year-end in question:

	<b>Fee for Director acting as such for the year ended 31 December 2007 (and for subsequent financial years until otherwise determined)</b>	
	<b>Chairman</b>	<b>Member</b>
	<i>HK\$</i>	<i>HK\$</i>
The Board	120,000	100,000
Audit Committee	100,000	80,000
Remuneration Committee	50,000	40,000

7. On agenda item 4 of this Notice regarding the authorisation for the Board to fix auditors' remuneration, shareholders should note that, in practice, auditors' remuneration for 2008 cannot be fixed at the beginning of 2008 because such remuneration varies by reference to the scope and extent of audit work and other work which the auditors are being called upon to undertake in any given year. In order to be able to charge the amount of auditors' remuneration as operating expenses for year ending 31 December 2008, shareholders' approval to delegate the authority to the Board to fix the auditors' remuneration for financial year 2008 is required, and is hereby sought, at the AGM.
8. In relation to the two general mandates referred to in Resolutions 5.1 and 5.2, two Ordinary Resolutions granting mandates to Directors to the same effect were passed at the 2007 Annual General Meeting of the Company held on 20 June 2007. No share has since been issued, or repurchased, pursuant to those previous mandates, both of which will lapse at the conclusion of the forthcoming AGM, unless that they are renewed. While, at present, the Directors do not have any present intention to issue any new shares or repurchase any existing shares, they believe that it is in the best interest of the Company and the shareholders to have a general authority from shareholders to enable them to issue and repurchase shares. Shareholders' attention is also drawn to the explanatory statement on the proposed repurchase mandate in Appendix II to this circular.