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If you have sold or transferred all your shares in K. Wah International Holdings Limited ("Company"), you should at once hand this circular and the enclosed proxy form to the purchaser or transferee or to the bank, stockbroker, registered dealer in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



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
AND
GENERAL MANDATES TO REPURCHASE SHARES AND
TO ISSUE NEW SHARES
AND
ADOPTION OF NEW SHARE OPTION SCHEME
AND
TERMINATION OF EXISTING SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening 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 Monday, 20 June 2011 at 11:00 a.m. is set out on pages 24 to 28 of this circular. Whether or not you are able to attend the annual general meeting, you are requested to complete and sign the enclosed 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 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 return of the proxy form shall not preclude you from attending and voting in person at the annual general meeting or any adjourned meeting thereof should you so wish.

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DEFINITIONS

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

“2011 AGM”	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 Monday, 20 June 2011 at 11:00 a.m.;
“affiliate”	any company which is (a) a holding company of the Company; or (b) a subsidiary of a holding company of the Company; or (c) a subsidiary of the Company; or (d) a controlling shareholder of the Company; or (e) a company controlled by a controlling shareholder of the Company; or (f) a company controlled by the Company; or (g) an associated company of a holding company of the Company; or (h) an associated company of the Company;
“associate”	has the meaning ascribed to the expression under the Listing Rules;
“Board”	the board of Directors;
“Bye-laws”	the bye-laws of the Company as amended from time to time, and “Bye-law” construes any bye-law thereof;
“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;
“controlling shareholder”	has the meaning ascribed to the expression under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Employee”	any person employed (on a full-time or part-time basis) by the Company or any affiliate and any person who is a senior executive or director (whether executive or non-executive) of the Company or any affiliate;
“Existing Scheme”	the existing share option scheme adopted by the Company on 30 May 2002;
“Group”	the Company and its subsidiaries;
“Hong Kong” or “HKSAR”	the Hong Kong Special Administrative Region of The People’s Republic of China;
“Latest Practicable Date”	15 April 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

DEFINITIONS

“New Scheme”	the new share option scheme proposed to be adopted at the 2011 AGM, the principal terms of which are set out in Appendix III;
“Option”	means an option to subscribe for Shares granted pursuant to the New Scheme;
“Option Agreement”	the offer and acceptance letter between the Company and the Option Holder evidencing the terms of and conditions of an individual Option;
“Option Holder”	any Participant who accepts an offer of the grant of an Option in accordance with the terms of the New Scheme or (where the context so permits) the legal personal representatives of such Participant;
“Participant”	a Qualifying Grantee or his related trusts and companies;
“Qualifying Grantee”	any Employee or any consultant, agent, representative or adviser of the Company or any affiliate; or any person who provides goods or services to the Company or any affiliate; or any customer or contractor of the Company or any affiliate; or any business ally or joint venture partner of the Company or any affiliate; or any trustee of any trust established for the benefit of Employees;
“Related Trusts or Companies”	means, in relation to a Qualifying Grantee who is an individual, a trust solely for the benefit of the Qualifying Grantee or his immediate family members, and companies controlled solely by the Qualifying Grantee or his immediate family members;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Share Repurchase Code”	the Hong Kong Code on Share Repurchases;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to the expression under the Listing Rules;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers; and
“HK\$”	Hong Kong dollar(s), 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 and Managing Director)
Mr. Francis Lui Yiu Tung
Ms. Paddy Tang Lui Wai Yu, BBS, JP
Mr. Alexander Lui Yiu Wah
Ms. Claudia Cheung Man Wan

Non-executive Directors:

Dr. Moses Cheng Mo Chi, GBS, OBE, JP
Dr. Robin Chan Yau Hing*, GBS, LLD, JP
Mr. Robert George Nield*
Dr. William Yip Shue Lam*, LLD
Professor Poon Chung Kwong*, GBS, PhD, DSc, JP

* *Independent non-executive Directors*

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

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

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

21 April 2011

To the Shareholders,

Dear Sir or Madam,

**PROPOSALS FOR RE-ELECTION OF DIRECTORS
AND
GENERAL MANDATES TO REPURCHASE SHARES AND
TO ISSUE NEW SHARES
AND
ADOPTION OF NEW SHARE OPTION SCHEME
AND
TERMINATION OF EXISTING SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with the notice of 2011 AGM, and the information regarding the resolutions to be proposed at the 2011 AGM relating to (i) the re-election of Directors; (ii) the grant to the Directors of general mandates to repurchase Shares and to issue new Shares; and (iii) the adoption of the New Scheme and the termination of the Existing Scheme.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

Pursuant to Bye-law 109(A) of the Bye-laws, Mr. Francis Lui Yiu Tung, Ms. Claudia Cheung Man Wan and Mr. Robert George Nield will retire by rotation at the 2011 AGM, and being eligible, will offer themselves for re-election.

Biographical details of the Directors proposed to be re-elected at the 2011 AGM are set out in Appendix I to this circular.

Mr. Robert George Nield, being an independent non-executive Director, has given to the Company his annual written 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 of the Bye-laws, any Shareholder who wishes to nominate a person to stand for election as a Director at the 2011 AGM 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 during the period from Tuesday, 26 April 2011 to Tuesday, 3 May 2011 (both dates inclusive) and in any event by Wednesday, 11 May 2011 the latest (i) a written notice of nomination of candidate; (ii) a written confirmation from such nominated candidate of his/her willingness to be elected as a 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 valid nomination and/or information is received less than 20 clear business days before the 2011 AGM, the Company may adjourn the 2011 AGM to allow Shareholders sufficient time to consider the nomination.

GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE NEW SHARES

At the last annual general meeting of the Company held on 21 June 2010, ordinary resolutions were passed granting to the Directors general mandates to repurchase Shares not exceeding 10% and to issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at that date. These general mandates will both expire upon the conclusion of the 2011 AGM.

The Directors consider that granting general mandates for the Directors to repurchase Shares and to issue new Shares increases the flexibility of the Board in managing the Company's financial affairs and capital base and is in the interest of the Shareholders. Therefore, ordinary resolutions will be proposed at the 2011 AGM to refresh the general mandates as follows:

- (i) to grant to the Directors a general and unconditional mandate to repurchase issued Shares not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the relevant ordinary resolution ("**Repurchase Mandate**");
- (ii) to grant to the Directors a general and unconditional mandate to issue and allot new Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the relevant ordinary resolution ("**Share Issue Mandate**"); and
- (iii) conditional upon the passing of the ordinary resolutions to grant the Repurchase Mandate and the Share Issue Mandate, to extend the Share Issue Mandate by the addition thereto the number of Shares repurchased by the Company pursuant to the Repurchase Mandate.

LETTER FROM THE BOARD

Full text of each of the relevant ordinary resolutions in relation to the general mandates described in (i), (ii) and (iii) above is set out as resolution numbered 5.1, 5.2 and 5.3 respectively in the notice of 2011 AGM appearing on pages 24 to 26 of this circular.

With respect to the proposed 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 decision on whether to vote for or against ordinary resolution numbered 5.1 approving the Repurchase Mandate at the 2011 AGM is set out in Appendix II to this circular.

With respect to the proposed Share Issue Mandate, on the assumption that there is no variation to the issued share capital of the Company during the period from the Latest Practicable Date up to and including the date of the passing of ordinary resolution numbered 5.2 approving the Share Issue Mandate at the 2011 AGM, the maximum number of Shares which may be issued and allotted by the Company pursuant to the Share Issue Mandate is 510,239,442 Shares, based on 2,551,197,210 Shares in issue as at the Latest Practicable Date and not taking into account any additional new Shares which may be issued and allotted pursuant to the extension of the Share Issue Mandate referred to in ordinary resolution numbered 5.3 set out in the notice of 2011 AGM.

ADOPTION OF THE NEW SCHEME AND TERMINATION OF THE EXISTING SCHEME

The Existing Scheme was adopted on 30 May 2002 and has a term of 10 years from the adoption date which is due to expire on 29 May 2012. The Board has resolved to conditionally terminate the Existing Scheme prior to its expiry subject to the adoption of the New Scheme by the Shareholders at the 2011 AGM and upon satisfaction of all conditions precedent as set out below.

Conditions of the New Scheme

The New Scheme is conditional upon:

- (a) the passing of an ordinary resolution to approve and adopt the New Scheme by the Shareholders at the 2011 AGM and to authorise the Board to administer the New Scheme, to grant Options thereunder and to allot, issue and deal with the Shares which fall to be issued by the Company pursuant to the exercise of the Options under the New Scheme; and
- (b) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, such number of Shares to be issued by the Company pursuant to the exercise of the Options which may be granted in accordance with the terms and conditions of the New Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the approval referred to in (b) above.

Upon satisfaction of the conditions above, the Existing Scheme will be terminated to the extent that no further options will be offered or granted under the Existing Scheme. However, all the existing options previously granted but unexercised under the Existing Scheme will remain valid and exercisable in accordance with their terms of issue after the termination of the Existing Scheme.

LETTER FROM THE BOARD

Reasons for adopting the New Scheme

Since the grant of any option is a long term event, the Board considers it is appropriate to adopt the New Scheme to replace the Existing Scheme which will expire on 29 May 2012. Should the Board propose the adoption of a new share option scheme in the annual general meeting to be held in 2012, there may be a period during which the Existing Scheme will have already expired, but a new share option scheme has not yet been approved. To enable the continuity of the share option scheme of the Company, the Board proposes to recommend to the Shareholders to approve and adopt the New Scheme so that options may be granted to Qualifying Grantees pursuant to the terms thereof. The purpose of the New Scheme is (i) to attract and retain the best quality personnel for the development of the Company's businesses; (ii) to provide additional incentives to Employees, consultants, agents, representatives, advisers, suppliers of goods or services, customers, contractors, business allies and joint venture partners; and (iii) to promote the long term financial success of the Company by aligning the interests of Option Holders to Shareholders.

As at the Latest Practicable Date and save for the Existing Scheme and the New Scheme, the Company had not adopted any other share option schemes.

Further details of the New Scheme

The terms of the New Scheme provide that in granting Options under the New Scheme, the Board may offer to grant any Options subject to such terms and conditions in relation to the minimum period the Options need to be held and/or the performance criteria to be satisfied before such Options can be exercised and/or any other terms as the Board may determine in its absolute discretion, subject to compliance with the terms of the New Scheme. The Board will also determine the subscription price in respect of any Option in accordance with the terms of the New Scheme, which must be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share. By setting the minimum period (if any) of the Options to be held, the subscription price and performance targets (if any), the Qualifying Grantees are offered an opportunity to participate in the Company's future stock performance through grants of Options, the relevant grantee will be motivated to work towards the contribution to the continued growth and the success of the Group. This serves the purpose of the New Scheme. None of the Directors are trustees of the New Scheme and the Company does not at present intend to appoint a trustee to the New Scheme.

A summary of the principal terms of the New Scheme is set out in Appendix III to this circular.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the Options as at the Latest Practicable Date will be based on a large number of speculative assumptions and would therefore not be meaningful to the Shareholders, taking into account the number of variables which are crucial for the calculation of the value of the Options which have not been determined. Such variables include the subscription price, the option period, any lock-up period, any performance targets that may be set and other relevant variables.

LETTER FROM THE BOARD

Subject to the obtaining of Shareholders' approval with respect to the adoption of the New Scheme and satisfaction of all conditions precedent of the New Scheme, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Scheme and any other share option schemes of the Company must not, in aggregate, exceed the scheme mandate limit, i.e. 10% of the issued share capital of the Company as at the date of approval of the New Scheme.

As at the Latest Practicable Date, there were 2,551,197,210 Shares in issue. Assuming no Shares will be issued or repurchased from the Latest Practicable Date to the date of the 2011 AGM on which the New Scheme is expected to be adopted by the Shareholders, and subject to the New Scheme becoming effective, the Company may grant Options under the New Scheme and any other share option schemes of the Company in respect of which up to 255,119,721 Shares, representing 10% of the Shares in issue as at the date of the 2011 AGM, may be issued.

Further, no Options will be granted which would result in the maximum aggregate number of Shares which may be issued upon exercise of all outstanding Options granted but yet to be exercised under the New Scheme, the existing options granted under the Existing Scheme and any other share option schemes adopted by the Company which provide for the grant of options to acquire or subscribe for Shares exceeding, in aggregate, 30% of the issued share capital of the Company from time to time.

As at the Latest Practicable Date, there were 31,578,650 options granted under the Existing Scheme which shall in all respects remain valid and exercisable in accordance with their terms of issue notwithstanding the termination of the Existing Scheme and an aggregate of 108,831,427 Shares remain available for granting under the Existing Scheme prior to the effective of the New Scheme. Save as disclosed above, there were no other outstanding options, warrants or convertible securities to subscribe for Shares as at the Latest Practicable Date. The Company has no present intention to grant any options under the Existing Scheme before the date of the 2011 AGM.

A copy of the New Scheme will be available for inspection at the principal place of business of the Company in Hong Kong at 29th Floor, K. Wah Centre, 191 Java Road, North Point, Hong Kong during normal business hour from the date of this circular up to and including the date of the 2011 AGM.

ANNUAL GENERAL MEETING

A notice convening the 2011 AGM to be held at Picasso Room, Basement 1, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Monday, 20 June 2011 at 11:00 a.m. is set out on pages 24 to 28 of this circular.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. The chairman of the 2011 AGM will therefore demand a poll on each of the resolutions to be proposed at the 2011 AGM pursuant to Bye-law 78 of the Bye-laws.

Proxy form for use at the 2011 AGM is enclosed with this circular. Whether or not you are able to attend the 2011 AGM, you are reminded to complete and sign the enclosed 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 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 2011 AGM or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting in person at the 2011 AGM or any adjourned meeting thereof should you so wish.

LETTER FROM THE BOARD

No Shareholder is required under the Listing Rules to abstain from voting on the ordinary resolution to approve the adoption of the New Scheme and the termination of the Existing Scheme.

An announcement will be published by the Company on the websites of the Company and the Stock Exchange after the conclusion of the 2011 AGM to inform Shareholders of the voting results of the 2011 AGM.

RECOMMENDATION

The Board considers that the re-election of Directors, the Repurchase Mandate, the Share Issue Mandate, the adoption of the New Scheme and the termination of the Existing Scheme are in the interests of the Company and the Shareholders, and accordingly, the Board recommends the Shareholders to vote in favour of all those resolutions to be proposed at the 2011 AGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects, and not misleading or deceptive, and there are no other matters the omission of which would make any statement contained in this circular misleading.

GENERAL INFORMATION

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

The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

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

The biographical details of the Directors proposed to be re-elected at the 2011 AGM are set out below.

Mr. Francis Lui Yiu Tung (“**Mr. Francis Lui**”), (executive Director) aged 55, joined K. Wah group in 1979. He has been an executive Director since June 1989. He holds a bachelor of science degree in civil engineering and a master of science degree in structural engineering from the University of California at Berkeley, USA. He is a member of the Shanghai Committee of the Chinese People’s Political Consultative Conference and also a Committee Member of the 11th Chinese People’s Political Consultative Conference. Mr. Francis Lui is also the deputy chairman and executive director of Galaxy Entertainment Group Limited. In addition, he is a director of a number of subsidiaries of the Company.

Save as disclosed herein and apart from being an executive Director of the Company, Mr. Francis Lui did not hold any directorship in the past three years in any public companies the securities of which are listed on any securities markets in Hong Kong and overseas or any major appointments and professional qualifications and he does not hold any other positions with the Company or any of its subsidiaries.

Mr. Francis Lui is the son of Dr. Che-woo Lui, Chairman & Managing Director and controlling shareholder of the Company, and the younger brother of Ms. Paddy Tang Lui Wai Yu and the elder brother of Mr. Alexander Lui Yiu Wah, both of them are executive Directors of the Company. Mr. Francis Lui is an indirect discretionary beneficiary of a discretionary trust, established by Dr. Che-woo Lui as founder, which is a controlling shareholder of the Company.

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

Mr. Francis Lui’s service contract does not provide for a specified length of service with the Company. The term of his service as an executive Director is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws and the corporate governance practices of the Company. 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. Francis Lui has received an emolument of HK\$1,365,312 including annual salary, allowances and benefits in kind, discretionary bonus, pension scheme contribution and share options for the year ended 31 December 2010. An annual director’s fee of HK\$130,000 will be payable to Mr. Francis Lui for the year ended 31 December 2010 upon approval by the Shareholders at the 2011 AGM. The director’s fee (including Mr. Francis Lui) for the year ending 31 December 2011 will be proposed by the Board for approval by the Shareholders at the annual general meeting of the Company in 2012. 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. Francis Lui has interests in 1,518,264,272 Shares (including deemed interests) and 1,340,000 share options of the Company. Save as disclosed herein, Mr. Francis Lui has no interest in the Shares within the meaning of Part XV of the SFO.

There is no other information relating to Mr. Francis Lui which is discloseable nor is he involved in any of the matters which falls 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.

Ms. Claudia Cheung Man Wan (“**Ms. Claudia Cheung**”), (executive Director) aged 49, joined the Group in 1993 and is presently the Director of Corporate Affairs and Human Resource Department of the Group. She has been an executive Director since April 2010. She holds a bachelor of social science degree in Mass Communication from the University of Texas at Austin, USA. In addition, she is a director of a number of subsidiaries of the Company.

Save as disclosed herein and apart from being an executive Director of the Company, Ms. Claudia Cheung did not hold any directorship in the past three years in any public companies the securities of which are listed on any securities markets in Hong Kong and overseas or any major appointments and professional qualifications and she 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 her directorship in the Company, Ms. Claudia Cheung does not have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

Ms. Claudia Cheung’s service contract does not provide for a specified length of service with the Company. The term of her service as an executive Director is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws and the corporate governance practices of the Company. Her 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. Ms. Claudia Cheung has received an emolument of HK\$2,356,900.10 including annual salary, allowances and benefits in kind, discretionary bonus, pension scheme contribution and share options for the year ended 31 December 2010. An annual director’s fee of HK\$94,027 (on a pro-rata basis by reference to the actual number of days in office in the relevant financial year) will be payable to Ms. Claudia Cheung for the year ended 31 December 2010 upon approval by the Shareholders at the 2011 AGM. The director’s fee (including Ms. Claudia Cheung) for the year ending 31 December 2011 will be proposed by the Board for approval by the Shareholders at the annual general meeting of the Company in 2012. Her emoluments are determined by reference to her 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, Ms. Claudia Cheung has interests in 2,080,583 Shares and 1,992,000 share options of the Company. Save as disclosed herein, Ms. Claudia Cheung has no interest in the Shares within the meaning of Part XV of the SFO.

There is no other information relating to Ms. Claudia Cheung which is discloseable nor is she involved in any of the matters which falls 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 (“**Mr. Robert Nield**”), (independent non-executive Director) aged 59, has been an independent non-executive Director and a member of the audit committee of the Company since September 2004. Mr. Robert Nield has been a member of the remuneration committee of the Company since December 2005. He is a Fellow of The Institute of Chartered Accountants in England and Wales and has over 30 years of experience in professional auditing and accounting. Mr. Robert 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. Robert 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. Robert Nield did not hold any directorship in the past three years in any public companies the securities of which are listed on any securities markets in Hong Kong and overseas or any major appointments and professional qualifications and he 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. Robert Nield does not have any relationships with any Directors, senior management or substantial or controlling Shareholders of the Company.

Mr. Robert Nield’s service contract with the Company provides for a fixed term of 3 years. The term of his service as an independent non-executive Director is subject to retirement and re-election at the annual general meeting in accordance with the Bye-laws and the corporate governance practices of the Company. His emoluments comprise an annual director’s fee, audit committee member’s fee and remuneration committee member’s fee (all of which will be proposed by the Board for approval by the Shareholders at the subsequent year’s annual general meeting) and discretionary share options. An annual director’s fee of HK\$130,000, an annual fee of HK\$100,000 for acting as a member of the audit committee and an annual fee of HK\$50,000 for acting as a member of the remuneration committee will be payable to Mr. Robert Nield for the year ended 31 December 2010 upon approval by the Shareholders at the 2011 AGM. Director’s fee, audit committee member’s fee and remuneration committee member’s fee (including Mr. Robert Nield) for the year ending 31 December 2011 will be proposed by the Board for approval by the Shareholders at the annual general meeting of the Company in 2012. 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. Robert Nield has interests in 253,000 Shares and 500,000 share options of the Company. Save as disclosed herein, Mr. Robert Nield has no interest in the Shares within the meaning of Part XV of the SFO.

There is no information relating to Mr. Robert Nield which is discloseable nor is he involved in any of the matters which falls 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 decision on whether to vote for or against the ordinary resolution approving the Repurchase Mandate to be proposed at the 2011 AGM.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK\$255,119,721.00 comprising 2,551,197,210 fully paid Shares, and there were also outstanding share options in respect of 31,578,650 Shares.

Subject to the passing of the ordinary resolution no. 5.1 set out in the notice of 2011 AGM approving the proposed Repurchase Mandate and on the assumption that no further Shares will be issued (whether generally or pursuant to the exercise of the outstanding share options) and no Shares will be repurchased prior to the 2011 AGM, the Company would be allowed to repurchase a maximum of 255,119,721 Shares during the period, as referred to in the said ordinary resolution no. 5.1, in which the Repurchase Mandate is in force.

REASONS FOR REPURCHASES

The Directors believe that it is in the best interest 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 the circumstances where they consider that the repurchase would be in the best interest of the Company and in the 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 2010, being the date to which the latest published audited financial statements of the Company were made up, the Directors consider that if the Repurchase Mandate were to be exercised in full under the 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 Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse impact on the working capital requirement or the gearing level of the Company which in their opinion is from time to time appropriate for the Company.

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 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 Share 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, 1,513,726,237 Shares, representing approximately 59.33% of the issued share capital of the Company, were held by a discretionary trust established by Dr. Che-woo Lui as founder. Dr. Che-woo Lui, Mr. Francis Lui Yiu Tung, Ms. Paddy Tang Lui Wai Yu and Mr. Alexander Lui Yiu Wah, as either direct or indirect beneficiaries of the discretionary trust, are deemed to be interested in those Shares held by the trust. Besides, apart from the shareholding interest disclosed hereinabove, these four Directors had an aggregate equity interest (including family interests and corporate interests) in 51,686,179 Shares representing 2.03% of the issued share capital of the Company.

Based on such shareholding interests and in the event that the powers to repurchase Shares pursuant to the Repurchase Mandate were to be exercised in full and taking no account of the exercise of the outstanding share options, the respective interests held by Dr. Che-woo Lui, Mr. Francis Lui Yiu Tung, Ms. Paddy Tang Lui Wai Yu and Mr. Alexander Lui Yiu Wah and their associates in the Company will increase to approximately 68.18% of the issued share capital of the Company and the Shares held by the public will not fall below 25% of the total number of Shares in issue. 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 Repurchase Mandate in such a way as will result in an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

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 and up to the Latest Practicable Date:

Month	Highest (HK\$)	Lowest (HK\$)
2010		
April	3.19	2.72
May	2.84	2.27
June	2.61	2.34
July	2.95	2.38
August	2.94	2.53
September	3.24	2.53
October	3.33	2.89
November	3.59	2.85
December	3.08	2.76
2011		
January	3.54	2.91
February	3.97	3.28
March	3.54	2.99
April (up to the Latest Practicable Date)	3.30	3.05

REPURCHASE OF SHARES

The Company had not purchased any of the Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

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 in the event that the 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 a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that 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 exercise the powers of the Company to repurchase Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

SHARE OPTION SCHEME

This appendix summarizes the principal terms of the New Scheme but does not form part of, nor was it intended to be, part of the New Scheme nor should it be taken as effecting the interpretation of the rules of the New Scheme.

(a) Purpose of the New Scheme

The purpose of the New Scheme is (i) to attract and retain the best quality personnel for the development of the Company's businesses; (ii) to provide additional incentives to Employees, consultants, agents, representatives, advisers, suppliers of goods or services, customers, contractors, business allies and joint venture partners; and (iii) to promote the long term financial success of the Company by aligning the interests of Option Holders to Shareholders.

(b) Who may join

On and subject to the terms of the New Scheme and the requirements of the Listing Rules, the Board may offer to grant an Option to any Qualifying Grantee and any of their respective related trusts and companies as the Board may in its absolute discretion select on the basis of such Qualifying Grantee's contribution to the development and growth of the Group.

(c) Administration

The New Scheme shall be subject to the administration of the Board. The Board's administrative powers include the authority, in its discretion:

- (i) to select Qualifying Grantee to whom Options may be granted under the New Scheme;
- (ii) to determine, subject to the requirements of the Listing Rules and the law, the time of the grant of Options;
- (iii) to determine the number of Shares to be covered by each Option granted under the New Scheme;
- (iv) to approve forms of Option Agreements;
- (v) to determine the terms and conditions, not inconsistent with terms of the New Scheme, of any Option based in each case on such factors as the Board, in its sole discretion, shall determine. Such terms and conditions may include but are not limited to:
 - the exercise price;
 - the period within which the Shares must be taken up under the Option, which must not be more than 10 years from the date of grant;
 - the minimum period, if any, for which an Option must be held before it can vest;
 - the performance targets, if any, that must be achieved before the Option can be exercised;

- the amount, if any, payable on application or acceptance of the Option and the period within which payments or calls must or may be made or loans for such purposes must be repaid; and
- prior notification being given to the Company of up to 24 hours of any intended sale of Shares allotted and issued upon exercise of the Option.

Save as may be otherwise determined by the Board from time to time, there is no minimum period for which an Option must be held or any performance target that must be achieved before an Option can be exercised under the terms of the New Scheme;

- (vi) to construe and interpret the terms of the New Scheme and Options granted pursuant to the New Scheme;
- (vii) to prescribe, amend and rescind rules and regulations relating to the New Scheme, including rules and regulations relating to sub-schemes established for the purpose of qualifying for preferred treatment under foreign laws and for benefits intended solely for any particular type of Qualifying Grantees;
- (viii) subject to the requirements of the Listing Rules, to vary the terms and conditions of any Option Agreement (provided that such variation is not inconsistent with the terms of the Listing Rules and the New Scheme).

(d) Grant of Option

On and subject to the terms of the New Scheme and the requirements of the Listing Rules, the Board shall be entitled at any time within 10 years commencing on the date of adoption to make an offer for the grant of an Option to any Qualifying Grantee as the Board may in its absolute discretion select.

(e) Restriction on time of grant of Option

An offer of the grant of an Option may not be made after a price sensitive event or a price sensitive matter has been the subject of a decision, until such price sensitive information has been publicly disseminated in accordance with the Listing Rules. In particular, but only insofar as and for so long as the Listing Rules require, no Option may be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange) for the approval of the Company's interim or annual results; and (ii) the deadline for the Company to publish its interim or annual results announcement and ending on the date of the results announcement, or such period as prescribed under the Listing Rules from time to time.

(f) Payment on acceptance of Option offer

HK\$1.00 is payable by the Qualifying Grantee to the Company on acceptance of the offer of the grant of an Option.

(g) Subscription price

The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option but the subscription price shall not be less than whichever is the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

(h) Option period

The period during which the Option may be exercised as the Board may in its absolute discretion determine and specify in the Option Agreement, save that such period shall not expire later than 10 years from the date of grant of the relevant Option.

(i) Rights are personal to grantee

An Option shall be personal to the grantee and shall not be assignable or transferable and no Option Holder shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option, or enter into any agreement so to do.

Provided that where the Option Holder is a Related Trust or Company of the Qualifying Grantee, the Option shall be deemed to have been transferred where the Option Holder were to cease to be a Related Trust or Company of the Qualifying Grantee other than by reason of the death or total permanent physical or mental disability of the Qualifying Grantee.

(j) Rights attaching to Shares allotted

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Bye-laws of the Company for the time being in force and will rank pari passu with the fully paid Shares in issue on the date of allotment or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment, or, if later, before the date of registration of the allotment in the register of members of the Company.

(k) Rights on death

If an Option Holder (or in the case of an Option Holder which is a Related Trust or Company of a Qualifying Grantee, the relevant Qualifying Grantee) dies, the Option may be exercised (notwithstanding that the option period may not yet have commenced) within such period of time as is specified for the purpose of this paragraph in the Option Agreement or otherwise allowed by the Board (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement).

In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for 12 months (or such longer period as the Board shall decide) following the relevant Qualifying Grantee's death. The Option may be exercised within that period by the personal representatives of the Qualifying Grantee.

If the Option is not so exercised within the time specified above, the Option shall lapse.

(l) Rights on retirement, total permanent physical or mental disability or termination resulting from employer ceasing to be an affiliate

If an Option Holder (or in the case of an Option Holder which is a Related Trust or Company of a Qualifying Grantee, the relevant Qualifying Grantee) becomes totally permanently physically or mentally disabled while a Qualifying Grantee or in the case of a Qualifying Grantee being an Employee, retires or ceases to be an Employee as a result of his employer ceasing to be an affiliate, the Option may be exercised (notwithstanding that the option period may not yet have commenced) within such period of time as is specified for the purpose of this paragraph in the Option Agreement and in accordance with the terms of the Option Agreement or otherwise allowed by the Board (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement).

In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for 2 months (or such longer period as the Board shall decide) following the relevant Qualifying Grantee's retirement, total permanent physical or mental disability or cessation from being an Employee as a result of his employer ceasing to be an affiliate. The Option may be exercised within that period by the personal representatives of the Qualifying Grantee. If the Option is not so exercised within the time specified above, the Option shall lapse.

An Employee shall be taken to have retired on the date the Employee retires upon or after reaching the age of 60 or such earlier age as the Board may determine from time to time.

(m) Termination for being guilty of serious misconduct etc.

If an Option Holder (or in the event of an Option Holder which is a Related Trust or Company of a Qualifying Grantee, the relevant Qualifying Grantee) ceases to be a Qualifying Grantee for being guilty of serious misconduct, or having committed any act of bankruptcy or having become insolvent or having made any arrangements or composition with his creditors generally, or having been convicted of any criminal offence involving his integrity or honesty, the option shall immediately lapse.

(n) Rights on termination other than for death, retirement, permanent disability, termination resulting from employer ceasing to be an affiliate or misconduct

If an Option Holder (or in the case of an Option Holder which is a Related Trust or Company of a Qualifying Grantee, the relevant Qualifying Grantee) ceases to be a Qualifying Grantee other than pursuant to paragraphs (k), (l) or (m), then, unless otherwise provided for the purpose of this paragraph in the Option Agreement, an Option Holder may exercise his Option within 2 months of such cessation (or such longer period as the Board may decide, but in no event later than the expiration of the term of such Option as set forth in the Option Agreement).

If, on the date of termination, the Option Holder is not vested as to his entire Option, then, unless otherwise provided in the Option Agreement or allowed by the Board, the Shares covered by the unvested portion of the Option shall lapse.

If the Option is not so exercised within the time specified above, the Option shall lapse.

(o) Right on general offer

If a general offer by way of takeover is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), and the offer becomes or is declared unconditional in all respects, the Option Holder shall be entitled to exercise the Option (to the extent not already exercised) unless otherwise provided in the Option Agreement or allowed by the Board, at any time within 1 month (or such longer period as the Board shall decide) after the date on which the offer becomes or is declared unconditional.

(p) Rights on compromise or arrangement

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of the amalgamation of the Company with any other company or companies, the Company shall give notice to the Option Holder on the same date as it dispatches the notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the Option Holder (or his personal representatives) may until the expiry of the period commencing with such date and ending with the earlier of the date 2 calendar months thereafter or the date on which such compromise or arrangement is sanctioned by the court exercise any of his Options (to the extent not already exercised) unless otherwise provided in the Option Agreement or allowed by the Board, whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective, and upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the New Scheme. The Company may require the Option Holder to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Option Holder in the same position, as nearly as possible, as would have been the case had such Shares been subject to such compromise or arrangement.

(q) Rights on voluntary winding-up of the Company

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it dispatches such notice to each member of the Company give notice thereof to all Option Holders (together with a notice of the existence of the provisions of the New Scheme relating to this paragraph (q)) and thereupon, each Option Holder (or his or her personal representatives) shall be entitled to exercise all or any of his Options (to the extent not already exercised) unless otherwise provided in the Option Agreement or allowed by the Board, at any time not later than 2 business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon

the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Option Holder credited as fully paid.

(r) Lapse of Option

Subject to the discretion of the Board to extend the option period as referred to in paragraphs (c), (k), (l), (n) and (w), and without prejudice to the authority of the Board to provide for additional situations where an Option shall lapse in any Option Agreement, an Option shall lapse automatically (to the extent not already exercised) on the earliest of (i) the expiry of the option period; (ii) the expiry of any of the periods referred to in paragraphs (k), (l), (m), (n), (o), (p) and (q); and (iii) the date on which the Board certifies that there has been a breach of paragraph (i).

(s) Cancellation of Option

Options granted but not exercised may be cancelled by the Company with the approval of the Participant. Where the Company cancels Options and offer to issues new ones to the same Qualifying Grantee, the issue of such new Options may only be made under the New Scheme with available unissued Options (excluding the cancelled Options) within the limits set out in paragraph (t) below.

(t) Maximum number of Shares available under the New Scheme

(i) Overriding Limit

The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other schemes of the Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under any schemes of the Company if this will result in the limit being exceeded.

(ii) Mandate Limit

In addition to the limit set out in sub-paragraph (t)(i) above and prior to the approval of a refreshed mandate limit as referred to in sub-paragraph (t)(iii) below, the total number of Shares which may be issued upon exercise of all options to be granted under the New Scheme and any other schemes of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of adoption, being 255,119,721 Shares ("**Mandate Limit**") (based on 2,551,197,210 issued Shares as at the Latest Practicable Date and assuming there is no change in the issued share capital of the Company prior to the date of adoption). Options lapsed in accordance with the terms of the New Scheme or any other schemes will not be counted for the purpose of calculating the 10% limit.

(iii) Refreshing of Mandate Limit

The Company may by ordinary resolutions of the Shareholders refresh the Mandate Limit provided the Company shall issue a circular to Shareholders before such approval is sought. However, the total number of Shares which may be issued upon exercise of all options to be granted under all of the schemes of the Company under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of approval of the limit. Options previously granted

under the schemes (including those outstanding, cancelled, lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

(iv) *Grant to specifically identified Participants*

Specifically identified Participants may be granted Options beyond the Mandate Limit. The Company may in addition seek separate approval by its Shareholders in general meeting for granting Options beyond the Mandate Limit provided the Options in excess of the limit are granted only to Participants specifically identified by the Company and a circular is issued to Shareholders before such approval is sought. The date of board meeting for proposing such further grant should be taken as the date of grant for such grants.

(v) *Limit for each Participant*

The total number of Shares issued and to be issued upon exercise of Options (whether exercised or outstanding) in any 12-month period granted to each Participant must not exceed 1% of the Shares in issue. Any further grant of Options to a Participant which would exceed this limit is subject to separate approval by the Shareholders in general meeting with the relevant Participant and his associates (as defined in the Listing Rules) abstaining from voting provided the Company shall issue a circular to Shareholders before such approval is sought. The date of board meeting for proposing such further grant should be taken as the date of grant for such grants.

(u) Grant of Option to connected persons

Insofar and for so long as the Listing Rules so require, where any offer of an Option is proposed to be made to a Director, chief executive or substantial shareholder of the Company or any of their respective associates, such offer must first be approved by the independent non-executive Directors of the Company (excluding any independent non-executive Director to whom the offer of an Option is proposed to be made). Insofar and for so long as the Listing Rules so require, unless specifically approved by the Shareholders in general meeting following the issue of a circular to Shareholders by the Company, no Option may be granted to any substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates, which would result in the Shares issued and to be issued upon exercise of all options already granted or to be granted (including options exercised, cancelled and outstanding) to such person under the New Scheme and any other scheme(s) of the Company in the 12-month period up to and including the date of board meeting for proposing such further grant (i) representing in aggregate over 0.1% of the issued share capital of the Company in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of the board meeting for proposing such further grant, in excess of HK\$5 million. In such general meeting, the grant of Options to the substantial shareholder or independent non-executive Director, or any of their respective associates shall, for so long and insofar as the Listing Rules so require, be approved by the Shareholders of the Company by way of poll with all connected persons of the Company abstaining from voting, except that any connected person may vote against such resolution provided that he has informed the Company of his intention to do so and such intention has been stated in the relevant circular to Shareholders. The date of board meeting for proposing such further grant should be taken as the date of grant for such grants.

(v) Effects of re-organization of capital structure

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of a capitalization of profits or reserves (other than pursuant to a scrip dividend scheme), rights issue, consolidation or subdivision of shares or reduction of capital, such corresponding alterations (if any) shall be made to (a) the number and/or nominal amount of Shares subject to the Option so far as unexercised; (b) the subscription price; and/or (c) the maximum number of Shares subject to the New Scheme, as the auditors shall certify in writing to the Board to be in their opinion fair and reasonable (except in the case of a capitalization issue where no such certification shall be required), provided that: (i) any such alterations shall be made on the basis that the aggregate subscription price payable by an Option Holder on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) it was before such event; (ii) no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and (iii) no such alterations shall be made the effect of which would be to increase the proportion of the issued share capital of the Company for which any Option Holder is entitled to subscribe pursuant to the Options held by him.

If there has been any alteration in the capital structure of the Company as referred to above, the Company shall inform each Option Holder of such alteration and inform the Option Holder of the adjustment (if any) to be made in accordance with the certificate of the auditor obtained by the Company for such purpose.

Notwithstanding the above, any alterations should give a Option Holder the same proportion of the equity capital of the Company as that to which that Option Holder was previously entitled; and any alterations as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalization issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures (referred to in Hong Kong Accounting Standards 33) and the acceptable adjustments set out in the supplementary guidance and any future guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time unless such alteration receives the prior approval of the Shareholders of the Company in a general meeting.

For the avoidance of doubt only, the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such alterations.

(w) Alteration to New Scheme

The New Scheme may be altered in any respect by resolution of the Board except that the provisions of the New Scheme relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Option Holders or prospective Option Holders except with the prior sanction of a resolution of the Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Option Holders as would be required of the Shareholders under the Bye-laws for the time being of the Company for a variation of the rights attached to the Shares. Any alterations to the terms and conditions of the New Scheme, which are of a material nature and any change to the terms of the Options granted, shall be approved by the Shareholders, except where the alterations take effect automatically under the existing terms of the New Scheme.

The amended terms of the New Scheme shall comply with the relevant requirements of Chapter 17 of the Listing Rules. Any change to the authority of the Board in relation to any alteration to the terms of the New Scheme shall be approved by the Shareholders. Subject to the Listing Rules and the terms of the New Scheme, the Board may, at any time and in its absolute discretion, remove, waive or vary the conditions, restrictions or limitations imposed in an Option Agreement on compassionate or any other grounds.

(x) Termination of New Scheme

The Company by resolution in general meeting or the Board may at any time terminate the operation of the New Scheme and in such event no further Options will be offered after the New Scheme is terminated but in all other respects the provisions of the New Scheme shall remain in full force and effect. All Options granted prior to such termination and not then exercised shall remain valid.

NOTICE OF ANNUAL GENERAL MEETING



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 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 Monday, 20 June 2011 at 11:00 a.m. for the following purposes:

1. To receive and adopt the audited financial statements and the reports of the directors and the independent auditor for the year ended 31 December 2010 of the Company.
2. To declare a final dividend for the year ended 31 December 2010.
3. To elect directors and fix the directors’ remuneration.
4. To re-appoint auditor and to authorise the directors to fix its remuneration.
5. As special business, to consider and, if thought fit, pass with or without modifications the following resolutions as ordinary resolutions of the Company:

5.1 “**THAT**

- (a) subject to paragraph (b) of this resolution no. 5.1, a general and unconditional mandate be and is hereby granted to the directors of the Company (“**Directors**”) to exercise all the powers of the Company to repurchase or otherwise acquire, on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) or on any other stock exchange on which the securities of the Company are or may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, shares in the capital of the Company including any form of depositary receipt representing the right to receive such shares issued by the Company, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time;
- (b) the aggregate nominal amount of shares of the Company which may be repurchased or otherwise acquired by the Company pursuant to the approval in paragraph (a) of this resolution no. 5.1 above during the Relevant Period (as hereinafter defined) shall not exceed ten per cent. (10%) of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution no. 5.1, and the said mandate shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(c) for the purpose of this resolution no. 5.1:

“Relevant Period” means the period from (and including) the date of the passing of this resolution no. 5.1 until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; or
- (iii) the revocation or variation of the authority given under this resolution no. 5.1 by the passing of an ordinary resolution by the shareholders of the Company in general meeting.”

5.2 “**THAT**

- (a) subject to paragraphs (b) and (c) of this resolution no. 5.2, a general and unconditional mandate be and is hereby granted to the Directors to exercise during the Relevant Period (as hereinafter defined) all the powers of the Company to allot, issue and otherwise 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 powers;
- (b) the mandate in paragraph (a) of this resolution no. 5.2 above shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements, warrants and options which might require the exercise of such powers after the end of the Relevant Period (as hereinafter defined);
- (c) the aggregate nominal amount of shares of the Company allotted, issued or otherwise dealt with, or agreed conditionally or unconditionally to be allotted, issued or otherwise dealt with, (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution no. 5.2 above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); 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 for the grant or issue of shares of the Company or rights to acquire shares of the Company; or (iv) any scrip dividend or similar arrangement providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company; or (v) a specific authority granted by the shareholders of the Company in general meeting, shall not exceed twenty per cent. (20%) of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution no. 5.2, and the said mandate shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(d) for the purpose of this resolution no. 5.2:

“Relevant Period” means the period from (and including) the date of the passing of this resolution no. 5.2 until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; or
- (iii) the revocation or variation of the authority given under this resolution no. 5.2 by the passing of an ordinary resolution by the shareholders of the Company in general meeting, and

“Rights Issue” means an offer of shares in the Company, or an offer of warrants, options or other securities which carry the rights to subscribe for or purchase shares of the Company, open for a period fixed by the Directors to holders of shares of the Company on the registers of members of the Company (and, where appropriate, to holders of other securities entitled to the offer) on a fixed record date in proportion to their then holdings of such shares of the Company (or, where appropriate, such other securities) (subject in all cases 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 recognized regulatory body or any stock exchange in, any territory outside Hong Kong).”

5.3 **“THAT** conditional upon the passing of resolutions no. 5.1 and no. 5.2 set out in the notice of this meeting, the general mandate granted to the Directors pursuant to resolution no. 5.2 set out in the notice of this meeting and for the time being in force to exercise the powers of the Company to allot, issue and otherwise deal with additional shares in the capital of the Company and to make or grant offers, agreements, warrants and options be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the shares of the Company repurchased or otherwise acquired by the Company under the authority granted pursuant to resolution no. 5.1 set out in the notice of this meeting, provided that such extended amount shall not exceed ten per cent. (10%) of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution.”

6. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“THAT conditional upon the Stock Exchange granting approval of the listing of and permission to deal in the shares of the Company falling to be allotted and issued pursuant to the exercise of any options granted under the share option scheme referred to in the circular despatched to the shareholders of the Company on the same day as this notice, the terms of which are set out in the printed document marked “A” now produced to this meeting and for the purpose of identification signed by the chairman hereof (**“New Scheme”**), the New Scheme be and is hereby approved and adopted to be the share option scheme for the Company and that the Directors of the Company be authorised to take all such steps as may be necessary or desirable to implement such New Scheme and to grant options

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thereunder and to allot and issue shares pursuant to the New Scheme, and the existing share option scheme for the employees, senior executives and Directors of the Company and its subsidiaries which was adopted by the Company at its general meeting on 30 May 2002 (“**Existing Scheme**”) be terminated with effect from the date on which such resolution shall become unconditional, such that thereafter no further options shall be offered or granted under the Existing Scheme, but the options which have already been granted and remain outstanding shall remain valid and exercisable in accordance with their terms of issue.”

By Order of the Board of
K. Wah International Holdings Limited
Lee Wai Kwan, Cecilia
Company Secretary

Hong Kong, 21 April 2011

Notes:

- (i) Shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. A proxy need not be a shareholder of the Company.
- (ii) Where there are joint holders of any share, any one of such persons may vote at the AGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the AGM personally or by proxy, then one of the said persons so present whose name stands first on the registers of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (iii) To be valid, the proxy form and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority must be deposited at 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 of the Company) not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the proxy form shall not preclude a shareholder from attending and voting in person at the AGM or any adjourned meeting thereof should he/she so wish.
- (iv) With regard to agenda item 2 above, the board of directors of the Company (“**Board**”) has recommended a final cash dividend of 1 HK cent per share.
- (v) The registers of members of the Company will be closed from 14 June 2011 to 20 June 2011 (both dates inclusive) during which period no share transfer will be registered. In order to qualify for attending and voting at the AGM and the proposed final cash dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrars, 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 13 June 2011 for registration.
- (vi) With regard to agenda item 3 above, Mr. Francis Lui Yiu Tung, Ms. Claudia Cheung Man Wan and Mr. Robert George Nield will retire and stand for re-election at the AGM. Their biographical details are set out in Appendix I to the circular dated 21 April 2011 issued by the Company to shareholders. The Board recommends the re-election of all the retiring Directors, and re-election of each of the retiring Directors will be voted on individually by a separate resolution.

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- (vii) Also, with regard to agenda item 3 above, the remuneration payable to the Directors who serve on the Board and the audit committee (“**Audit Committee**”) and the remuneration committee (“**Remuneration Committee**”) of the Company for the year ended 31 December 2010, 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 the table below. Such remuneration payable to the Directors will be calculated, if applicable, on a pro rata basis by reference to the actual number of days in office in the relevant financial year.

	Fee for Director acting as such for the year ended 31 December 2010 (and for subsequent financial years until otherwise determined)	
	Chairman	Member
	<i>HK\$</i>	<i>HK\$</i>
The Board	160,000	130,000
Audit Committee	120,000	100,000
Remuneration Committee	60,000	50,000

- (viii) With regard to agenda item 4 above regarding the authorization for the Directors to fix auditor’s remuneration, shareholders are advised that, in practice, auditor’s remuneration for the year ending 31 December 2011 cannot be determined at the beginning of the year because such remuneration will vary by reference to the scope and extent of audit and other work performed in the year. In order to be able to charge the amount of auditor’s remuneration as operating expenses for the year ending 31 December 2011, shareholders’ approval to delegate the authority to the Directors to fix the auditor’s remuneration is required, and is hereby sought, at the AGM.
- (ix) With regard to agenda item 5 above, shareholders are advised that, at present, the Directors do not have any immediate plans to issue any new shares or repurchase any existing shares of the Company pursuant to the general mandates referred therein. However, the Directors believe that it is in the interest of the Company and its shareholders to grant such general mandates to the Directors 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 the circular dated 21 April 2011 issued by the Company to shareholders.
- (x) With regard to agenda item 6 above, shareholders are advised that the Directors do not have any immediate intention to grant any options under the Existing Scheme before the date of AGM. The Existing Scheme will soon expire in 2012. In order to enable the continuity of the Company’s share option scheme, shareholder’s approval to adopt the New Scheme and to replace the Existing Scheme is required, and is hereby sought at the AGM. The principal terms of the New Scheme are set out in Appendix III to the circular dated 21 April 2011 issued by the Company to shareholders.