

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 2002 annual general meeting of shareholders of K. Wah Construction Materials Limited will be held at Academy Rooms, Grand Stanford Inter-Continental Hong Kong, 70 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Thursday, 30th May 2002 at 10:30 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 31st December 2001;
2. To declare a final dividend for the year ended 31st December 2001;
3. To elect directors and fix the directors' remuneration;
4. To 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) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to purchase shares of the Company be and it is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares which may be purchased on The Stock Exchange of Hong Kong Limited or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited under the Hong Kong Code on Share Repurchases pursuant to the approval in paragraph (a) above 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 approval shall be limited accordingly; and
- (c) for the purpose of this Resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Ordinance to be held; and
- (iii) the revocation or variation of the approval given by this Resolution by ordinary resolution of the shareholders in general meeting."

### 5.2 "THAT

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and it is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements 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 of the Company pursuant to the approval in paragraph (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 option scheme or similar arrangement for the time being adopted by the Company in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 Articles of Association of the Company, 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; 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 approval shall be limited accordingly; and

- (d) for the purpose of this Resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Ordinance to be held;
- (iii) the revocation or variation of the approval given by this Resolution by ordinary resolution of the shareholders in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company 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 of the Company 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 meeting 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.”

6. As special business, to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

- 6.1 **"THAT** conditionally on the approval of the share option scheme referred to in the circular dispatched to members on the same day as this Notice, the terms of which are set out in the printed document marked "A" now produced to the Meeting and for the purpose of identification signed by the Chairman hereof (the "Share Option Scheme"), by the shareholders at the annual general meeting of K. Wah International Holdings Limited, the Company's holding company and conditionally on The Stock Exchange of Hong Kong Limited granting approval of the listing of and permission to deal in the shares falling to be issued pursuant to the exercise of any options granted under the Share Option Scheme, the Share Option Scheme be approved and adopted to be the share option scheme for the Company and that the Directors of the Company be authorised to grant options thereunder and to allot and issue shares pursuant to the Share Option Scheme and take all such steps as may be necessary or desirable to implement such Share Option Scheme."
- 6.2 **"THAT** conditionally on the resolution referred to as 6.1 of this Notice being passed and becoming unconditional, 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 23rd June 2000 be terminated with effect from the date on which such resolution shall become unconditional."

7. As special business, to consider and, if thought fit, pass the following resolution as a Special Resolution:

**"THAT** the Articles of Association of the Company be and are hereby amended as follows:

(a) by inserting after the expression "dollars" in Article 2 the following new expressions:

"electronic communication" shall mean a communication sent by electronic transmission in any form through any medium;

"legislation" shall mean every ordinance (including any orders, regulations or other subordinate legislation made pursuant thereto or thereunder) applying to the Company from time to time;"

(b) by adding in Article 2 after the words "non-transitory form" in the definition of "writing" or "printing" the words "(including an electronic communication)";

(c) by deleting Article 168(B) and substituting therefor the following:

"168(B) Every balance sheet of the Company shall be signed pursuant to the provisions of the Companies Ordinance, and subject to Article 168(C), the Company will, in accordance with the Companies Ordinance and all other applicable legislation, deliver or send to every member of, and every holder of debentures of, the Company and every person registered under Article 46 and every other person entitled to receive notices of general meetings of the Company, a printed copy of the relevant financial documents or the summary financial report (each as defined in the Companies Ordinance) at least twenty-one days before the date of the annual general meeting, provided that this Article shall not require a printed copy of those documents to be sent to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

168(C) The requirement to send to a person referred to in Article 168(B) the relevant financial documents or the summary financial report (each as defined in the Companies Ordinance), whether under that Article or under the Companies Ordinance, shall be deemed satisfied where, in accordance with the Companies Ordinance and all other applicable legislation and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited from time to time in force, the Company publishes the relevant financial documents and if applicable, the summary financial report (each as defined in the Companies Ordinance), on the Company's computer network or in any other permitted manner (including sending by any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company's obligation to send to him a copy of such documents.”;

- (d) by adding in Article 172 after the words “(provided that the aforesaid daily newspapers shall be included in the list of newspapers issued and published in the Hong Kong Government Gazette for the purpose of section 71A of the Companies Ordinance)” the following:

“or by sending it in accordance with applicable legislation and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited from time to time in force as an electronic communication to the member at his electronic address or by publishing it in accordance with applicable legislation and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited from time to time in force on the Company's computer network”;

- (e) by adding in Article 172 after the words “In the case of joint holders of a share, all notices” the words “or documents”;
- (f) by adding in the first line of Article 174 after the word “notice” the words “or document” and by adding at the end of Article 174 the following:

“Any notice or document sent as an electronic communication shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. Any notice or document published on the Company's computer network shall be deemed to have been served or delivered on the day following that on which a notification is sent to the member that the notice or document is available on the Company's computer network.”;

- (g) by adding the following as Article 174(A) after Article 174:

“Subject to applicable legislation and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited from time to time in force, any notice or document, including the relevant financial documents or the summary financial report (each as defined in the Companies Ordinance), may be given to a member either in the English language or the Chinese language.”; and

- (h) by adding in Article 177 after the words “registered address of any member” the words “or served by any means permitted by and” .”

By Order of the Board  
**Steven Tong Kui Nam**  
*Company Secretary*

Hong Kong, 26th April 2002

**Notes:**

1. The register of members will be closed from 24th May 2002 to 30th May 2002, both days inclusive, during which period no transfer of shares will be effected.
2. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote, on a poll, on his behalf. A proxy need not be a member of the Company.
3. A form of proxy for use in connection with the annual general meeting is enclosed. The form of proxy shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting.
4. Concerning agenda item 5.1 above, approval is being sought from members for increasing flexibility and providing discretion to the directors in the event that it becomes desirable to repurchase shares representing up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing the resolution on The Stock Exchange of Hong Kong Limited. An explanatory statement to provide relevant information in respect of the proposed granting of the repurchase mandate is set out in a separate letter from the Company enclosed with this Annual Report. The directors have no present intention to issue any additional shares.
5. Concerning agenda item 5.2 above, approval is being sought from members for a general mandate to the directors to allot, issue and deal in additional shares in the capital of the Company.
6. Concerning agenda item 6 above, the directors wish to draw the attention of members to the circular enclosed with this Annual Report which contains, inter alia, reasons for adopting the Share Option Scheme and a summary of the principal terms of the Share Option Scheme.
7. Concerning agenda item 7 above, the directors wish to draw the attention of members to the circular enclosed with this Annual Report which contains, inter alia, reasons for amending the Articles of Association.

# Operation Flow Chart

