

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2004 annual general meeting of shareholders of K. Wah Construction Materials Limited 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, 31st May 2004 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 2003;
2. To declare a final dividend for the year ended 31st December 2003;
3. To elect directors and fix the directors' remuneration;
4. To re-appoint auditors and authorise the directors to fix their remuneration;
5. As special business, to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

5.1 "THAT

- (a) 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 resolution as a Special Resolution:

“THAT the Articles of Association of the Company be and are hereby amended in the following manner:

- (a) by adding the following definitions in Article 2 immediately before the definition of “Hong Kong”:

““associate” in relation to any Director, shall have the meaning ascribed to it under Rule 1.01 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and any amendments thereto for the time being in force;

“clearing house” shall mean a recognized clearing house within the meaning of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any amendments thereto for the time being in force;

“Listing Rules” shall mean the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited and any amendments thereto for the time being in force.”;

- (b) by deleting the words “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, after allotment or lodgment of a transfer” in the third and fourth lines of Article 16 and substituting therefor the words “Listing Rules, after allotment or within 10 business days after lodgment of a transfer”;
- (c) by deleting the words “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” in the ninth and tenth lines of Article 16 and substituting therefor the words “Listing Rules”;
- (d) by adding the following new Article 16A immediately after Article 16:

“16A. For the purpose of Article 16, “business days” shall mean any day on which The Stock Exchange of Hong Kong Limited is open for the business of dealing in securities; and “transfer” shall mean a transfer duly stamped and otherwise valid, and shall not include such a transfer as the Company is for any reason entitled to refuse to register and does not register.”;

- (e) by deleting the words “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” in the third and fourth lines of Article 20 and in the second and third lines of paragraph (i) of Article 40 and substituting therefor the words “Listing Rules”;
- (f) by deleting the word “recognised” and the words “within the meaning of the Securities and Futures (Clearing Houses) Ordinance (Chapter 420 of the Laws of Hong Kong)” in the first, second and third lines of Article 92A and the word “recognised” in the eighth line of Article 92A;
- (g) by deleting the words “section 18 of the Securities (Disclosure of Interests) Ordinance 1988” in the third and fourth lines of Article 93(B) and substituting therefor the words “section 329 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any amendments thereto for the time being in force”;
- (h) by deleting the word “18” in the fifth line of Article 93(D) and substituting therefor the word “329”;
- (i) by deleting the words “section 24 of the Securities (Disclosure of Interests) Ordinance 1988” in the first and second lines of Article 93(E) and substituting therefor the words “section 334 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any amendments thereto for the time being in force”;
- (j) by adding the following new Article 93A immediately after Article 93(E):

“Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.”;

- (k) by adding the following new Article 98(E) immediately after Article 98(D):

“An alternate Director shall be deemed to be the agent of the Director who appoints him and Director who has appointed a person (including another Director) to be his alternate Director shall be vicariously liable for any tort committed by the alternate Director.”;

- (l) by deleting the existing Article 105(B)(ii) in its entirety and substituting therefore the following Article 105(B)(ii):
 - “(ii) Subject to such exceptions specified in the articles of association as The Stock Exchange of Hong Kong Limited may approve, a Director shall not vote on any board resolution approving or be counted in the quorum in respect of any contract, arrangement or other proposal in which he or any of his associate(s) is/are to his knowledge materially interested, and if he shall do so his vote shall not be counted, but this prohibition shall not apply to any contract, arrangement or any other proposal for or concerning:
 - (a) the giving of any security or indemnity either:
 - (I) to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
 - (II) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security; and/or
 - (b) an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer; and/or
 - (c) any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or employee or shareholder or in which the director or his associate(s) is/are beneficially interested in shares or securities of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares or securities of any class of such company (or of any third company through which his interest or that of his associate(s) is derived) or of the voting rights attached to such issued shares or securities; and/or
 - (d) the benefit of employees of the Company or any of its subsidiaries or its associated companies including:
 - (I) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his associate(s) may benefit; or
 - (II) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to both Directors, their associates and employees of the Company or any of its subsidiaries or its associated companies and does not provide in respect of any Director, or his associate(s) as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and/or
 - (e) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest(s) in shares or debentures or other securities of the Company.”;
- (m) by adding the words “or his associate(s)” after the words “(other than the chairman of the meeting)” in the second line of Article 105(B)(iii), adding the words “or his associate(s)” after the word “Director” in the seventh line of Article 105(B)(iii) and adding the words “or his associate(s)” after the word “chairman” in the thirteenth line of Article 105(B)(iii);

- (n) by deleting the words "The latest date for lodgment of the said notices shall not be more than seven days before the date of such general meeting" in the fifth and sixth lines of Article 110 and substituting therefor the words "The period for lodgment of the said notice under this Article shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and ending no later than 7 days prior to the date of such general meeting provided that such period shall be at least seven days";
- (o) by deleting the word "special" in the first line of Article 112 and substituting therefor the word "ordinary"; and
- (p) by deleting the words "paragraph (c) of the proviso to Section 165" in the third line of Article 183(A) and substituting therefor the words "Section 165".

By Order of the Board
Steven Tong Kui Nam
Company Secretary

Hong Kong, 28th April 2004

Notes:

1. The register of members will be closed from 24th May 2004 to 31st May 2004, 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 3 above, Ms. Paddy Tang Lui Wai Yu and Mr. Yip Hing Chung will retire by rotation at the Annual General Meeting. Ms. Paddy Tang Lui Wai Yu, being eligible, offers herself for re-election. Mr. Yip Hing Chung does not offer himself for re-election. Mr. William Lo Chi Chung, Mr. Joseph Chee Ying Keung and Mr. James Ross Ancell, being new directors appointed by the Board, shall hold office until the Annual General Meeting and being eligible, offer themselves for re-election. Details of the above Directors are set out in the circular enclosed with this Annual Report.
5. 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 to the directors is set out in a separate letter from the Company enclosed with this Annual Report.
6. 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.
7. 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 amending the Articles of Association.