
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Zhong Hua International Holdings Limited, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**ZHONG HUA INTERNATIONAL HOLDINGS LIMITED****中華國際控股有限公司****(Incorporated in Bermuda with limited liability)***(Stock Code: 1064)****RENEWAL OF GENERAL MANDATES
TO ISSUE SHARES AND REPURCHASE SHARES****REFRESHMENT OF THE EXISTING LIMIT ON THE GRANT OF OPTIONS
UNDER THE SHARE OPTION SCHEME****RE-ELECTION OF DIRECTORS****AND****NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of Zhong Hua International Holdings Limited to be held at 4:00 p.m. on Friday, 20 July 2007 at Conference Room, 1st Floor, The Star Hotel, 89 Lin He Xi Road, Tianhe, Guangzhou, China is set out on pages 14 to 18 of this circular. Whether or not you are able to attend the annual general meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the annual general meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting, or any adjournment thereof, should you so wish.

* *For identification purpose only*

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at 4:00 p.m. on Friday, 20 July 2007 at Conference Room, 1st Floor, The Star Hotel, 89 Lin He Xi Road, Tianhe, Guangzhou, China;
“AGM Notice”	the notice convening the AGM set out on pages 14 to 18 of this circular;
“associate”	the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Bye-Laws”	the Bye-Laws of the Company;
“Company”	Zhong Hua International Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange;
“connected person”	the meaning ascribed to it in the Listing Rules;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the AGM to exercise the powers of the Company to allot and issue Shares on the terms as set out in the AGM Notice;
“Latest Practicable Date”	30 April 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Old Scheme”	means the share option scheme adopted by the Company on 19 September 1997 and terminated on 11 June 2002;

DEFINITIONS

“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the AGM to exercise the powers of the Company to repurchase Shares on the terms as set out in the AGM Notice;
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong);
“Share(s)”	ordinary shares of HK\$0.20 each in the capital of the Company;
“Shareholder(s)”	holder(s) of (a) Share(s);
“Share Consolidation”	the consolidation of 10 issued and unissued ordinary shares of the Company of HK\$0.02 each into one ordinary share of HK\$0.20 each with effect from 28 April 2006 pursuant to an ordinary resolution passed at a special general meeting of the Company on 27 April 2006;
“Share Option Scheme”	the share option scheme adopted by the Company pursuant to an ordinary resolution of the Company passed on 11 June 2002;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers; and
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong.



ZHONG HUA INTERNATIONAL HOLDINGS LIMITED

中華國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1064)

Executive Directors:

Ho Tsam Hung (*Vice Chairman*)
Ho Kam Hung (*Managing Director*)
Yang Jia Jian

Non-executive Directors:

Lam Kuo (*Chairman*)
Young Kwok Sui

Independent Non-executive Directors:

Lawrence K. Tam
Wong Miu Ting, Ivy
Wong Kui Fai

*Head office and principal place
of business in Hong Kong:*

Suite 2911, West Tower
Shun Tak Centre
168-200 Connaught Road Central
Central, Hong Kong

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

3 May 2007

To the Shareholders

Dear Sir or Madam,

**RENEWAL OF GENERAL MANDATES
TO ISSUE SHARES AND REPURCHASE SHARES
REFRESHMENT OF THE EXISTING LIMIT ON THE GRANT OF OPTIONS
UNDER THE SHARE OPTION SCHEME
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to: (i) provide you with details of the proposed Issue Mandate and the proposed Repurchase Mandate; (ii) set out an explanatory statement regarding the Repurchase Mandate; (iii) provide you with details of the proposed refreshment of the Existing Limit (as defined below) on the grant of options under the Share Option Scheme; (iv) provide you with details of re-election of directors; and (v) give you notice of the AGM.

* For identification purpose only

LETTER FROM THE BOARD

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Ordinary resolutions will be proposed at the AGM to give to the Directors general mandates:

- (i) to allot, issue and otherwise deal with new Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolution; and
- (ii) to repurchase Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolution.

An explanatory statement containing information regarding the Repurchase Mandate is set out in Appendix I to this circular.

In addition, if the Issue Mandate is granted, a separate ordinary resolution will be proposed to increase the number of Shares which may be allotted and issued under the Issue Mandate by the aggregate number of Shares repurchased by the Company under the Repurchase Mandate. The Directors do not have any present intention to exercise the Issue Mandate or the Repurchase Mandate (if granted at the AGM).

SHARE OPTION SCHEME – REFRESHMENT OF EXISTING LIMIT

At the annual general meeting held on 11 June 2002, an ordinary resolution was passed by the Shareholders for the termination of the Old Scheme and the adoption of the Share Option Scheme.

On 11 June 2002, the Listing Committee of the Stock Exchange approved the listing of and permission to deal in up to 298,001,673 new shares of HK\$0.02 each (prior to the Share Consolidation, representing 29,800,167 shares of HK\$0.20 each upon the effect of Share Consolidation), representing 10% of the shares of the Company in issue as at the date of approval of the Share Option Scheme on 11 June 2002, which may be issued upon exercise of the options granted under the Share Option Scheme (the “Existing Limit”).

Under the rules of the Share Option Scheme, among other things:

- (1) the Existing Limit may be renewed at any time subject to prior Shareholders’ approval but in any event shall not exceed 10% of the issued share capital of the Company as at the date of approval of the renewal of the Existing Limit. In this connection, options previously granted under the Share Option Scheme or any other share option scheme(s) of the Company (including those outstanding, cancelled, lapsed or exercised) will not be counted for purpose of calculating the refreshed Existing Limit;

LETTER FROM THE BOARD

- (2) unless approved by the Shareholders in a general meeting with such relevant grantee and his associates abstaining from voting in accordance with the note to Rule 17.03(4), the maximum number of Shares in respect of which options may be granted to a specifically identified single grantee under the Share Option Scheme shall not (when aggregated with any Shares subject to any other share options scheme(s) of the Company) in any 12-month period exceed 1% of the Shares in issue (“Individual Limit”); and
- (3) 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 Share Option Scheme and other share option scheme(s) of the Company shall not exceed 30% of the Shares in issue from time to time (“Overall Limit”). No options shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded.

At the annual general meeting held on 30 August 2006, the Existing Limit was refreshed to allow the Company to grant options carrying the rights to subscribe for up to a maximum of 61,324,130 Shares, representing 10% of the Shares in issue as at the date of approving the refreshment.

As at the Latest Practicable Date, the Company had granted to certain participants Options to subscribe for an aggregate of 79,800,000 Shares under the Share Option Scheme, out of which:

- (a) Options to subscribe for 29,000,000 Shares have been exercised; and
- (b) Options to subscribe for 50,800,000 Shares remain valid and outstanding.

Apart from the Share Option Scheme and the Old Scheme, the Company has no other share option scheme. On the basis of 613,241,300 Shares in issue as at the Latest Practicable Date, the maximum number of Shares in respect of which options may be granted to the grantees under the Share Option Scheme and the Old Scheme does not exceed the 30% Overall Limit as at the Latest Practicable Date.

The Directors consider that the Company should renew the Existing Limit so that the Company can have more flexibility in providing incentives to participants of the Share Option Scheme by granting options to them, such participants being, amongst others, any directors (including executive, non-executive and independent non-executive directors) and employees of the Group and any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group. An ordinary resolution, as special business, at the AGM to approve the refreshment of the Existing Limit on the basis of 613,241,300 Shares in issue as at the Latest Practicable Date, so that assuming that no Shares are issued or repurchased by the Company after the Latest Practicable Date and up to the date of the AGM, the Company will be able to grant further options under the Share Option Scheme and other share option schemes carrying the rights to subscribe for a maximum of 61,324,130 Shares, representing 10% of the Shares in issue as at the date of the AGM. The exact number of Shares in issue will be announced at the AGM.

LETTER FROM THE BOARD

The refreshment of the Existing Limit is conditional upon:

- (a) the Shareholders' approval at the AGM to refresh the Existing Limit in accordance with the Listing Rules; and
- (b) the Stock Exchange granting approval for the listing of and permission to deal in the new Shares to be issued pursuant to the exercise of any options granted under the refreshed Existing Limit.

Application will be made to the Stock Exchange for the listing of and permission to deal in Shares representing 10% of the Shares in issue as at the date of the AGM approving the refreshment of the Existing Limit.

The Directors consider that the refreshment of the Existing Limit is in the interests of the Group and the Shareholders as a whole as it enables the Company to reward and motivate its employees. The refreshment of the Existing Limit is in line with the purpose of the Share Option Scheme. For these reasons, the Directors will propose the passing of an ordinary resolution at the AGM for "refreshing" the Existing Limit.

RE-ELECTION OF DIRECTORS

Pursuant to Bye-law 86(2), Mr. Wong Kui Fai shall hold office only until the AGM and shall then be eligible for re-election at that meeting. Pursuant to Bye-laws 86 and 87, at each annual general meeting, one-third of the relevant number of the Directors (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation. As such, Mr. Ho Kam Hung and Mr. Young Kwok Sui will retire from office and offer themselves for re-election at the AGM.

At the AGM, ordinary resolutions will be proposed to the Shareholders for the re-election of Mr. Ho Kam Hung as executive Director, Mr. Young Kwok Sui as non-executive Director, and Mr. Wong Kui Fai as independent non-executive Director, in accordance with the provisions of Bye-laws of the Company.

Details of directors proposed to be re-elected at the AGM are set out in Appendix II to this circular. Save for the matters disclosed therein in relation to each of Mr. Ho Kam Hung, Mr. Young Kwok Sui and Mr. Wong Kui Fai, there is no information that is required to be disclosed pursuant to paragraph (h) to (v) of Rule 13.51(2) of the Listing Rules, and there are no other matters that need to be brought to the Shareholders' attention regarding their re-election.

RECOMMENDATION

The Directors consider that the granting of the Issue Mandate and the Repurchase Mandate and the refreshment of the Existing Limit on the granting of options under the Share Option Scheme are in the interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the relevant resolutions at the AGM.

LETTER FROM THE BOARD

VOTING BY POLL

Pursuant to Bye-Law 66, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded: (i) by the chairman of such meeting; or (ii) by at least three members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or (iii) by a member or members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or (iv) by a member or members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right. A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member.

ANNUAL GENERAL MEETING

A notice convening the AGM to be held at 4:00 p.m. on Friday, 20 July 2007 at Conference Room, 1st Floor, The Star Hotel, 89 Lin He Xi Road, Tianhe, Guangzhou, China is set out on pages 14 to 18 of this Circular for the purpose of considering and, if thought fit, passing the resolutions set out therein.

You will find enclosed a form of proxy for use at the AGM. Whether or not you are able to attend the AGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM, or any adjournment thereof, should you so wish.

Your attention is also drawn to the additional information set out in the Appendix I and II to this circular.

By Order of the Board
Ho Kam Hung
Executive Director

This appendix includes an explanatory statement required by the Stock Exchange to be presented to Shareholders concerning the Repurchase Mandate proposed to be granted to the Directors.

1. STOCK EXCHANGE RULES FOR REPURCHASES OF SHARES

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

2. FUNDING OF REPURCHASES

Any repurchase will be made out of funds which are legally available for the purpose in accordance with the memorandum of association and Bye-Laws of the Company and the laws of Bermuda. Such repurchases may only be effected out of the capital paid up on the repurchased shares or out of the funds of the company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a repurchase over the par value of the shares to be repurchased must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account before the shares are repurchased.

As compared with the financial position of the Company as at 26 April 2007 (being the date to which the latest audited financial statements of the Company have been made up), the Directors consider that there would not be a material adverse impact on the working capital and on the gearing position of the Company in the event the proposed repurchases were to be carried out in full during the proposed repurchase period.

The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or the gearing position which in the opinion of the Directors are from time to time appropriate for the Company.

3. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 613,241,300 Shares.

Subject to the passing of the relevant ordinary resolutions to approve the general mandates to issue and repurchase Shares and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the AGM, the Directors would be allowed under the repurchase proposal to exercise the powers of the Company to repurchase a maximum of 61,324,130 Shares. The exact number of Shares in issue will be announced at the AGM.

4. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earning per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

5. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of Bermuda and the memorandum and Bye-Laws of the Company.

6. 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 purpose of the Takeovers Code. As a result, a shareholder or a group of shareholders acting in concert, depending on the level of increase of the shareholder's 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, to the best of the knowledge and belief of the Directors, the following are shareholdings of Mr. Ho Tsam Hung and Mr. Ho Kam Hung in the Company:

Each of Mr. Ho Tsam Hung and Mr. Ho Kam Hung is interested in approximately 31.58% of the issued share capital of High Rank Enterprises Limited which held 31,700,000 Shares, representing approximately 5.17% of the issued share capital of the Company. Mr. Ho Tsam Hung owns 100% of the issued share capital of Morgan Estate Assets Limited which held 14,500,000 Shares, representing approximately 2.36% of the issued share capital of the Company. Mr. Ho Kam Hung owns 100% of the issued share capital of Morcambe Corporation which held 27,000,000 Shares, representing approximately 4.4% of the issued share capital of the Company. The aggregate shareholding interest of Mr. Ho Tsam Hung and Mr. Ho Kam Hung in the Company is 73,200,000 Shares, representing approximately 11.93% of the issued share capital of the Company.

In the event the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate and on the assumption that no further shares are issued or repurchased from the Latest Practicable Date to the date of the AGM, the shareholding interest of Mr. Ho Tsam Hung and Mr. Ho Kam Hung would increase to approximately 13.26% of the issued share capital of the Company and Mr. Ho Tsam Hung and Mr. Ho Kam Hung, together with parties acting in concert with them, would not be obliged to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors do not intend to exercise the power to repurchase Shares to an extent which would render the aforesaid

Shareholder or any Shareholder or group of Shareholders obliged to make a mandatory offer under Rule 26 of the Takeovers Code. The Board will endeavour to ensure that the exercise of the Repurchase Mandate will not result in less than 25% of the Shares being held by the public.

7. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of the knowledge and belief of the Directors, having made all reasonable enquiries, any of their respective associates has any present intention, in the event that the proposed Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company. No connected person of the Company has notified the Company that he/she/it has a present intention to sell Shares to the Company nor has he/she/it undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Company is authorised to make repurchases of Shares.

8. SHARE REPURCHASE MADE BY THE COMPANY

No repurchase of Shares has been made by the Company in the six months (whether on the Stock Exchange or otherwise) ended on the Latest Practicable Date.

9. SHARE PRICE

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the twelve months last preceding the Latest Practicable Date were as follows:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2006		
April	0.380 ⁽¹⁾	0.220 ⁽¹⁾
May	N/A ⁽²⁾	N/A ⁽²⁾
June	N/A ⁽²⁾	N/A ⁽²⁾
July	0.240	0.162
August	0.198	0.145
September	0.160	0.100
October	0.135	0.100
November	0.130	0.107
December	0.115	0.091
2007		
January	0.125	0.098
February	0.200	0.110
March	0.445	0.120
April till the Latest Practicable Date	0.350	0.227

(1) Share prices are consolidated on a one-to-ten basis.

(2) Trading in Shares suspended for the whole month.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the memorandum of association and the Bye-Laws of the Company will be available for inspection free of charge at the principal place of business of the Company in Hong Kong of Suite 2911, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Central, Hong Kong during normal business hours from the date hereof up to 19 July 2007 (both days inclusive).

Executive Director

Mr. Ho Kam Hung, aged 52, is the Managing Director of the Company. Mr. Ho has over 16 years' experience in property investment and development in the Mainland China and Hong Kong. Mr. Ho Kam Hung is a brother of Mr. Ho Tsam Hung, another executive director of the Company. Mr. Ho Kam Hung is also the brother of Mr. Ho Pak Hung, who has interests in 27,000,000 Shares of the Company through a controlled corporation, On Tai Profits Limited, representing approximately 4.4% of the issued share capital of the Company.

Mr. Ho has not held any directorships in any other listed public companies in the last three years. As at the Latest Practicable Date, he has interests in 27,000,000 Shares of the Company through a controlled corporation within the meanings of Part XV of the Securities and Futures Ordinance. Moreover, he is interested in approximately 31.58% of the issued share capital of High Rank Enterprises Limited ("High Rank"), which High Rank holds 31,700,000 Shares of the Company as at the Latest Practicable Date.

There was no service contract entered into between the Company and Mr. Ho, and he is subject to retirement by rotation and eligible for re-election at annual general meeting of the Company in accordance with the provisions of Bye-laws of the Company. At present, Mr. Ho is entitled to a monthly fee of HK\$20,000. Save for the matters disclosed above, there is no information that is required to be disclosed pursuant to paragraph (h) to (v) of Rule 13.51(2) of the Listing Rules, and there are no other matters that need to be brought to the Shareholders' attention regarding his election.

Non-executive Director

Mr. Young Kwok Sui, aged 49, was appointed in December 2002 as the Independent Non-executive Director of the Company and was re-designated to Non-executive Director in March 2006. He is also a member of the Audit Committee of the Company. He holds a bachelor degree in laws and commerce. He is also a solicitor and barrister of the High Court of New Zealand. He has over 19 years of professional and commercial experiences in accountancy and management consultancy services.

Mr. Young has not held any directorships in any other listed public companies in the last three years. He does not have any relationship with any other directors, senior management, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, he does not have any interest in the Shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Young is appointed for a term of one year up to 15 March 2008 and is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the provisions of Bye-laws of the Company. At present, Mr. Young is entitled to receive a fee of HK\$210,000 per annum. Save for the matters disclosed above, there is no information that is required to be disclosed pursuant to paragraph (h) to (v) of Rule 13.51(2) of the Listing Rules, and there are no other matters that need to be brought to the Shareholders' attention regarding his election.



ZHONG HUA INTERNATIONAL HOLDINGS LIMITED

中華國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1064)

NOTICE IS HEREBY GIVEN that an annual general meeting of Zhong Hua International Holdings Limited (the “Company”) will be held at 4:00 p.m. on Friday, 20 July 2007 at Conference Room, 1st Floor, The Star Hotel, 89 Lin He Xi Road, Tianhe, Guangzhou, China for the following purposes:

1. To receive and consider the audited financial statements and reports of the directors and auditors of the Company for the year ended 31 December 2006.
2. To re-elect Mr. Ho Kam Hung as an executive director of the Company.
3. To re-elect Mr. Young Kwok Sui as a non-executive director of the Company.
4. To re-elect Mr. Wong Kui Fai as an independent non-executive director of the Company.
5. To authorise the board of directors to fix the remuneration of the directors of the Company.
6. To re-appoint auditors and authorise the board of directors to fix their remuneration.

As special business, to consider and, if thought fit, pass, with or without amendments, the following resolutions which will be proposed, as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

7. **“THAT:**

- (A) subject to paragraph (C) of this resolution below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) 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 (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

- (B) the Directors be and are hereby authorised during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers during or after the end of the Relevant Period;
- (C) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraphs (A) and (B) of this resolution above, otherwise than pursuant to a Rights Issue (as hereinafter defined) or pursuant to the exercise of any options granted under the share option scheme adopted by the Company or an issue of shares upon the exercise of subscription rights attached to the warrants which might be issued by the Company or an issue of shares in lieu of the whole or part of a dividend on shares or any scrip dividend scheme or similar arrangement in accordance with the Bye-Laws of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution; and
- (D) for the purposes of this resolution:

“Relevant Period” means the period from the time of the passing of this resolution 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 memorandum and Bye-laws of the Company or any applicable law of Bermuda to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange).”

NOTICE OF ANNUAL GENERAL MEETING

8. “**THAT:**

- (A) subject to paragraph (C) of this resolution below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, and that the exercise by the Directors of all powers of the Company to repurchase such shares are subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby, generally and unconditionally approved;
- (B) the approval in paragraph (A) of this resolution above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its shares at a price determined by the Directors;
- (C) the aggregate nominal amount of share capital of the Company repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (A) of this resolution above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution; and
- (D) for the purposes of this resolution:

“Relevant Period” means the period from the time of the passing of this resolution 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 memorandum and Bye-laws of the Company or any applicable law of Bermuda to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

9. “**THAT** conditional upon the passing of ordinary resolution nos. 7 and 8 in the notice convening the annual general meeting of the Company, the aggregate nominal amount of the share capital of the Company which are repurchased by the Company pursuant to and in accordance with the said ordinary resolution no. 8 shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to and in accordance with the said ordinary resolution no. 7.”
10. “**THAT** the existing scheme mandate limit in respect of the granting of options to subscribe for shares in the Company (“Shares”) under the share option scheme adopted by the Company on 11 June 2002 (the “Share Option Scheme”) be refreshed and renewed provided that the total number of Shares which may be allotted and issued pursuant to the grant or exercise of the options under the Share Option Scheme (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme) shall not exceed 10% of the Shares in issue as at the date of passing this resolution (the “Refreshed Limit”) and that the directors of the Company be and are hereby authorized, subject to compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, to grant options under the Share Option Scheme up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with Shares pursuant to the exercise of such options.”

By Order of the Board
Lee Tao Wai
Company Secretary

Hong Kong, 3 May 2007

Executive Directors

Mr. Ho Tsam Hung (*Vice Chairman*)

Mr. Ho Kam Hung (*Managing Director*)

Mr. Yang Jia Jian

Non-executive Directors

Ms. Lam Kuo (*Chairman*)

Mr. Young Kwok Sui

Independent Non-executive Directors

Mr. Lawrence K. Tam

Ms. Wong Miu Ting, Ivy

Mr. Wong Kui Fai

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A form of proxy for the meeting is enclosed.
2. Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.
4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch share registrar in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date.
5. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.