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## IMPORTANT

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

**If you have sold or transferred** all your shares in FAVA International Holdings Limited (the “Company”), you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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## FAVA INTERNATIONAL HOLDINGS LIMITED

名家國際控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8108)**

### NOTICE OF SPECIAL GENERAL MEETING

### PROPOSED SUBDIVISION OF SHARES

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*This circular will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for 7 days from the date of its posting.*

A notice convening the special general meeting to be held at Room 1005, C.C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong on Wednesday, 12 September 2007 at 11:00 a.m. is set out on pages 10 to 11 of this circular. Whether or not you are able to attend the special general meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s Hong Kong branch share registrar, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof if you so wish.

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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, (i) the information contained in this circular is accurate and complete in all material aspects and not misleading; (ii) there are no other matters the omission of which would make any statement herein misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

24 August 2007

\* For identification purpose only

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## CHARACTERISTICS OF GEM

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GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to GEM website in order to obtain up-to-date information on GEM-listed issuers.

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## DEFINITIONS

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

“Agent”	Hantec International Finance Group Limited, the agent providing matching services to those Shareholders who wish to top-up or sell their holdings of odd lots of the Subdivided Shares
“Board”	the board of Directors
“CCASS”	Central Clearing and Settlement System, established and operated by Hongkong Clearing
“Company”	FAVA International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the issued Shares of which are listed on GEM
“Director(s)”	director(s) of the Company
“Existing Share(s)”	existing ordinary share(s) of HK\$0.004 each in the share capital of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the listing sub-committee of the Stock Exchange with responsibility for GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hongkong Clearing”	Hong Kong Securities Clearing Company Limited
“Latest Practicable Date”	22 August 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“SGM”	the special general meeting of the Company to be held at 11:00 a.m. on 12 September 2007

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## DEFINITIONS

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“Shares”	ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Shareholder(s)” or “Member(s)”	holder(s) of Shares or Subdivided Shares (if the Share Subdivision becomes effective)
“Share Option Scheme”	the share option scheme adopted by the Company on 24 May 2002
“Share Subdivision”	the proposed subdivision of each of the issued and unissued Shares into two Subdivided Shares referred to herein
“Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Subdivided Share(s)”	ordinary share(s) of HK\$0.002 each in the share capital of the Company upon the Share Subdivision taking effect

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## EXPECTED TIMETABLE OF THE SHARE SUBDIVISION

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2007

Latest time for lodging forms of proxy for the SGM. . . . . 11:00 a.m. on Monday, 10 September

SGM . . . . . 11:00 a.m. on Wednesday, 12 September

Effective date of Share Subdivision . . . . . Thursday, 13 September

Dealing in Subdivided Shares commences . . . . . 9:30 a.m. on Thursday, 13 September

Existing counter for trading in Existing Shares in  
board lots of 4,000 Shares temporarily closes . . . . . 9:30 a.m. on Thursday, 13 September

Temporary counter for trading in Subdivided Shares in  
board lots of 8,000 Subdivided Shares (in the form  
of certificates for Existing Shares) opens . . . . . 9:30 a.m. on Thursday, 13 September

First day of free-exchange of certificates for Existing  
Shares for new certificates for the Subdivided Shares . . . . . Thursday, 13 September

Existing counter for trading in Subdivided Shares  
in board lots of 4,000 Subdivided Shares  
(in the form of new share certificates for  
Subdivided Shares) re-opens . . . . . 9:30 a.m. on Friday, 28 September

Parallel trading in Subdivided Shares (in the form  
of new certificates for Subdivided Shares in the  
existing counter and certificates of Existing Shares  
in the temporary counter) commences. . . . . 9:30 a.m. on Friday, 28 September

Temporary counter for trading in Subdivided Shares  
in board lots of 8,000 Subdivided Shares  
(in the form of certificates for  
Existing Shares) ends . . . . . 4:00 p.m. on Tuesday, 23 October

Parallel trading in Subdivided Shares  
(in the form of new certificates for Subdivided  
Shares in the existing counter and certificates for  
Existing Shares in the temporary counter) ends. . . . . 4:00 p.m. on Tuesday, 23 October

Last day for free exchange of certificates for  
Existing Shares for new certificates for  
Subdivided Shares . . . . . 4:30 p.m. on Thursday, 25 October

Matching service for the sale and purchase of  
odd lots of Subdivided Shares. . . . . from Friday, 28 September to  
Tuesday, 23 October

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## LETTER FROM THE BOARD

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# FAVA INTERNATIONAL HOLDINGS LIMITED

名家國際控股有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8108)

*Executive Directors*

Mr. Li Ge

Mr. Zhao Guo Wei

*Independent non-executive Directors*

Mr. Lee Yuen Kwong

Mr. Yang Jie

Mr. Yang Dongli

*Registered office*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Principal place of business*

*in Hong Kong*

Room 1005

C.C. Wu Building

302-8 Hennessy Road

Wanchai

Hong Kong

24 August 2007

*To the Shareholders,*

Dear Sir or Madam,

## PROPOSED SUBDIVISION OF SHARES

### INTRODUCTION

On 16 August 2007, the Board proposed that each of the existing issued and unissued shares of HK\$0.004 each be subdivided into two shares of HK\$0.002 each in the capital of the Company.

The purpose of this circular is to provide details of the Share Subdivision, the trading arrangements in respect of the Subdivided Shares and the procedure for the free exchange of existing share certificates, together with the notice convening the SGM and to set out the recommendations of the Board in relation to Share Subdivision.

### SHARE SUBDIVISION

The Board proposes that each of the existing issued and unissued Shares be subdivided into two Subdivided Shares of HK\$0.002 each.

\* For identification purpose only

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## LETTER FROM THE BOARD

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The Board believes that the Share Subdivision will lower the minimum investment amount in the Shares thereby enhancing the liquidity in trading of the shares of the Company and widening its Shareholders' base. Hence, the Board is of the view that the Share Subdivision is in the best interests of the Company and its Shareholders as a whole.

### **Conditions**

The Share Subdivision is conditional upon (i) the passing of an ordinary resolution by the Shareholders at the SGM, and (ii) the GEM Listing Committee granting the listing of and permission to deal in the Subdivided Shares and any new Subdivided Shares which may fall to be issued pursuant to the exercise of options granted under the Share Option Scheme.

Apart from the payment of the expenses for the Share Subdivision, the implementation of the Share Subdivision will not, of itself, alter the underlying assets, business operations, and management or financial position of the Company or the proportional interests of the Shareholders in the Company.

### **Listing and Dealing**

An application was made to the GEM Listing Committee for the listing of and permission to deal in such Subdivided Shares on GEM.

Subject to the granting of listing of, and permission to deal in, the Subdivided Shares on GEM, the Subdivided Shares will be accepted as eligible securities by Hongkong Clearing for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Subdivided Shares on GEM or such other date as determined by Hongkong Clearing. Settlement of transactions between participants of the Stock Exchange on any trading date is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

For those persons whose interests in the Company are currently held through CCASS, dealings in the Subdivided Shares are expected to be capable of settlement through CCASS with effect from the commencement date of the dealings in the Subdivided Shares on the Stock Exchange and without any need on the part of such persons to deposit new share certificates in respect of the Subdivided Shares with Hongkong Clearing.

### **Change in Authorised and Issued Share Capital**

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$500,000,000 which is divided into 125,000,000,000 Shares of which 601,399,985 Shares are in issue. Immediately upon the Share Subdivision taking effect and on the basis that 601,399,985 Shares are in issue, 1,202,799,970 Subdivided Shares will be in issue pursuant to the Share Subdivision and the authorised share capital of the Company will be HK\$500,000,000 divided into 250,000,000,000 Subdivided Shares of HK\$0.002 each. The Subdivided Shares will rank *pari passu* in all respects with each other and the Share Subdivision will not result in any change in the relevant rights of the Shareholders.

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## LETTER FROM THE BOARD

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### **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots of Subdivided Shares as a result of the Share Subdivision, the Company will appoint the Agent to act as agent in providing a “matching service” to those shareholders who wish to top-up or sell their holdings of odd lots of the Subdivided Shares.

The Agent will provide the service to match the sale and purchase of odd lots of Subdivided Shares during the period from 28 September 2007 to 23 October 2007 both dates inclusive. Holders of Subdivided Shares in odd lots who wish to take advantage of this facility either to dispose of or top-up their odd lots to a board lot of 4,000 Subdivided Shares may, directly or through their brokers, contact Mr. Leung Siu Wa of the Agent at 45th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong on telephone number 22357801 or fax number 29076390 during such period. Further details of which will be provided in the circular to be despatched to the Shareholders on or about 24 August 2007. Shareholders should note that successful matching of the sale and purchase of odd lots of Subdivided Shares is not guaranteed and will depend on there being adequate amounts of odd lots of Subdivided Shares available for such matching.

Shareholders are recommended to consult their professional advisers if they are in any doubt about the matching facility described above.

### **Trading Arrangements for the Subdivided Shares**

The Shares are listed and dealt in on GEM. No part of the Company’s securities are listed or dealt in on any other stock exchange, nor is listing of or permission to deal in the Shares/Subdivided Shares on any other stock exchange being or proposed to be sought. Dealings in the Subdivided Shares will be subject to Hong Kong stamp duty.

#### *1. Dealings*

Subject to the Share Subdivision becoming unconditional, the arrangements proposed for dealings in the Subdivided Shares are expected to be as follows:

- (a) From 13 September 2007, the existing counter for trading in the Shares in board lots of 4,000 Shares (in the form of share certificates in blue for existing Shares) will be closed temporarily and a temporary counter for trading in the Subdivided Shares in board lots of 8,000 Subdivided Shares will be opened. Certificates for Existing Shares may only be traded at the temporary counter and one Share will be deemed to represent two Subdivided Shares.
- (b) With effect from 28 September 2007, the existing counter for trading in the Subdivided Shares will be reopened for trading in Subdivided Shares in board lots of 4,000 Subdivided Shares (in the form of new share certificates in yellow for Subdivided Shares). Only new certificates for Subdivided Shares will be traded at this existing counter after reopening.

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## LETTER FROM THE BOARD

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- (c) During the period from 28 September 2007 to 23 October 2007 (both days inclusive), there will be parallel trading at the above two counters.
- (d) With effect from 9:30 a.m. on 24 October 2007, trading will only be in the Subdivided Shares in board lots of 4,000 Subdivided Shares (in the form of new certificates in yellow for Subdivided Shares) and the temporary counter for trading in the Subdivided Shares in board lots of 8,000 Subdivided Shares will be removed. Dealings in the Subdivided Shares represented by certificates for Existing Shares will cease after the close of trading on 23 October 2007.

Certificates for Existing Shares will only be valid for delivery and settlement in respect of dealings for the period up to 23 October 2007 and thereafter will not be accepted for dealing purposes. However, the certificates for Existing Shares will continue to be good evidence of legal title to the Subdivided Shares on the basis of one Share for two Subdivided Shares and may be exchanged for new certificates for Subdivided Shares at any time. Such Shareholders shall be entitled to tender their certificates for Existing Shares in exchange for new certificates for the Subdivided Shares in board lots of 4,000 Subdivided Shares so that their shareholding may be accurately represented by the new certificates for the Subdivided Shares.

### 2. *Exchange of certificates*

New certificates for Subdivided Shares will be issued in yellow in order to distinguish them from certificates for existing Shares which are blue in colour.

Shareholders are urged to exchange their certificates for Existing Shares for new certificates for Subdivided Shares as soon as possible on or after Thursday, 13 September 2007. This may be done free of charge by delivering the certificates for Existing Shares to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Thursday, 25 October 2007. Thereafter, certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each new certificate for Subdivided Shares. A Shareholder will be entitled to aggregate his/her/its Shares registered in his/her/its name in order to obtain new certificates for such Subdivided Shares.

If Shareholders are able to lodge their certificates for the Existing Shares between 9:00 a.m. and 4:00 p.m. on Thursday, 13 September 2007, it is expected that new certificates for the Subdivided Shares will be available for collection on Thursday, 27 September 2007. If Shareholders lodge their certificates for the Existing Shares after Thursday, 27 September 2007, it is expected that new certificates for Subdivided Shares will be available for collection on or after the 10th business day from the date of submission of the certificates for Existing Shares to the branch share registrar of the Company in Hong Kong. Unless instructed otherwise, new certificates for Subdivided Shares will be issued in board lots of 4,000 Subdivided Shares.

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## LETTER FROM THE BOARD

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### Share Options

As at the Latest Practicable Date, the Company (i) has no outstanding share options under the Share Option Scheme, which confer the right to subscribe for Shares and (ii) does not have any warrants, other types of options, derivatives, convertible securities or other securities in issue.

### THE SPECIAL GENERAL MEETING

The following are the details of the SGM:

Date : 12 September 2007

Time : 11:00 a.m.

Venue : Room 1005, C.C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong

The notice convening the SGM is set out on pages 10 to 11 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you intend to attend the meeting, you are requested to complete and return the form of proxy to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

### PROCEDURE FOR DEMANDING A POLL

Pursuant to the bye-laws of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the Stock Exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll), unless a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) 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
- (c) by a Member or Members present in person (or in 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

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## LETTER FROM THE BOARD

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- (d) by a Member or Members present in person (or in 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 the shares conferring that right; or
- (e) if required by the rules of the Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent (5%) or more of the total voting rights of all Members having right to vote at such meeting.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorized representative shall be deemed to be the same as a demand by a Member.

### RECOMMENDATIONS

The Directors are of the opinion that the Share Subdivision referred to in this circular is in the best interests of the Company and its Shareholders and recommend you to vote in favour of the resolution to be proposed at the SGM.

Yours faithfully,  
On behalf of the Board of  
**FAVA INTERNATIONAL HOLDINGS LIMITED**  
**Li Ge**  
*Executive Director*

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**NOTICE OF SPECIAL GENERAL MEETING**

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**FAVA INTERNATIONAL HOLDINGS LIMITED**

**名家國際控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8108)**

**NOTICE OF SPECIAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that a special general meeting of FAVA International Holdings Limited will be held at 11:00 a.m. on 12 September 2007 (Wednesday) at Room 1005, C.C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution, with or without amendment, as an ordinary resolution:

**ORDINARY RESOLUTION**

**“THAT:**

subject to and conditional upon the listing sub-committee of The Stock Exchange of Hong Kong Limited with responsibility for the Growth Enterprise Market granting the listing of, and permission to deal in, the Subdivided Shares (as hereinafter defined) to be resulted from the Share Subdivision (as hereinafter defined), each of the existing issued and unissued shares of HK\$0.004 each in the share capital of the Company be and is hereby subdivided into two shares of HK\$0.002 each (the “Subdivided Shares”) with effect from the business day immediately following the day on which this resolution is passed (the “Share Subdivision”) and the directors of the Company be authorised to issue new share certificates in respect of the Subdivided Shares to holders of existing shares of the Company pursuant to the Share Subdivision and to do all things and execute all documents as they shall, in their absolute discretion, deem appropriate to effect and implement the Share Subdivision and any transactions contemplated thereunder.”

By Order of the Board

**FAVA INTERNATIONAL HOLDINGS LIMITED**

**Li Ge**

*Executive Director*

Hong Kong, 24 August 2007

\* *For identification purpose only*

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## NOTICE OF SPECIAL GENERAL MEETING

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*Notes:*

- (1) Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies (if such member is the holder of two or more shares) to attend and to vote instead of them. A proxy need not be a member of the Company.
- (2) Where there are joint holders of any share any one of such joint holder may vote, either in person 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 any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
- (3) A form of proxy for use at the meeting is enclosed.
- (4) To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which is it signed or a certified copy of such power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or adjourned meeting.