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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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, 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.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

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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: 08108)

### PROPOSED PLACING OF CONVERTIBLE BONDS AND NOTICE OF SPECIAL GENERAL MEETING

Placing Agent



太陽證券有限公司  
SUN SECURITIES LIMITED

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Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the context requires otherwise. A letter from the Board is set out on pages 4 to 12 of this circular.

A notice convening the SGM to be held at Room 1005, C.C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong at 11:00 a.m. on Friday, 23 November 2012 or any adjournment thereof is set out on pages 13 to 14 of this circular. A form of proxy for use at the SGM is enclosed with this circular.

Whether or not you are able to attend the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar 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 SGM 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 should you so wish.

8 November 2012

\* For identification purpose only

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## CHARACTERISTICS OF GEM

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GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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.

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## DEFINITIONS

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*In this circular, the following terms shall have the meanings set out below unless the context requires otherwise:*

|                              |   |
|------------------------------|---|
| “Announcement”               | the announcement of the Company dated 17 October 2012 in relation to, among other things, the Placing   |
| “associate(s)”               | has the meaning ascribed thereto under the GEM Listing Rules  |
| “Board”                      | the board of Directors  |
| “Bondholder(s)”              | the holder(s) of the Convertible Bond(s)  |
| “Business Day(s)”            | a day (excluding Saturday, Sunday and public holiday), on which licensed banks in Hong Kong are generally open for business in Hong Kong  |
| “Company”                    | FAVA International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the GEM  |
| “connected person(s)”        | has the meaning ascribed thereto under the GEM Listing Rules  |
| “Conversion Price”           | initially HK\$0.0673 per Conversion Share (subject to adjustment in accordance with the terms and conditions of the Convertible Bonds)  |
| “Conversion Share(s)”        | the new Share(s) to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds  |
| “Convertible Bond(s)”        | the zero coupon convertible bonds(s) in an aggregate principal amount of up to HK\$100 million to be issued by the Company to the Placees pursuant to the Placing Agreement   |
| “Director(s)”                | director(s) of the Company  |
| “Existing Convertible Bonds” | the convertible bonds due 2013 in the aggregate principal amount of HK\$35,000,000 issued by the Company in September 2012, details of which were set out in the announcement of the Company dated 3 September 2012 |
| “GEM”                        | the Growth Enterprise Market of the Stock Exchange  |
| “GEM Listing Rules”          | the Rules Governing the Listing of Securities on GEM  |
| “Group”                      | the Company and its subsidiaries  |

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## DEFINITIONS

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|                              |  |
|------------------------------|--|
| “Hong Kong”                  | the Hong Kong Special Administrative Region of the People’s Republic of China  |
| “Last Trading Day”           | 17 October 2012, being the last full trading day for the Shares on the Stock Exchange prior to the issue of the Announcement   |
| “Latest Practicable Date”    | 6 November 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular  |
| “Placees”                    | any institutional, professional or private investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Convertible Bonds pursuant to the Placing Agreement |
| “Placing”                    | the placing of the Convertible Bonds by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement  |
| “Placing Agent”              | Sun Securities Limited, a licensed corporation to carry out type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)                            |
| “Placing Agreement”          | a conditional placing agreement dated 17 October 2012 entered into between the Company and the Placing Agent (as supplemented by the supplemental letter dated 6 November 2012) in relation to the Placing                 |
| “Placing Period”             | the period commencing from the date of the Placing Agreement and terminating on 31 March 2013 (or such other date as the Placing Agent and the Company may agree in writing)   |
| “SGM”                        | the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Placing Agreement and the transactions contemplated thereunder                        |
| “Share(s)”                   | ordinary share(s) of HK\$0.002 each in the share capital of the Company  |
| “Shareholder(s)”             | holder(s) of the Share(s)  |
| “Specific Mandate”           | a specific mandate to allot and issue the Conversion Shares to be sought from the Shareholders at the SGM  |
| “Stock Exchange”             | The Stock Exchange of Hong Kong Limited  |
| “substantial shareholder(s)” | has the meaning ascribed thereto under the GEM Listing Rules   |

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## DEFINITIONS

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|                  |   |
|------------------|---|
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers and Share Repurchases |
| “HK\$”           | Hong Kong dollars, the lawful currency of Hong Kong               |
| “%”              | per cent.   |

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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: 08108)**

*Executive Directors:*

Mr. Li Ge  
Mr. Zhao Guo Wei  
Mr. Sun, Miguel

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent non-executive Directors:*

Mr. Liu Qing Chen  
Mr. Yang Dongli  
Mr. Zhang Chun Qiang

*Principal place of business  
in Hong Kong:*

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

8 November 2012

*To the Shareholders*

Dear Sir or Madam,

## PROPOSED PLACING OF CONVERTIBLE BONDS AND NOTICE OF SPECIAL GENERAL MEETING

### INTRODUCTION

The Company announced on 17 October 2012 that the Company and the Placing Agent entered into the Placing Agreement in relation to the Placing. On 6 November 2012, the Company and the Placing Agent entered into a supplemental letter to re-define the term of and references to “convertible notes(s)” as “convertible bond(s)”.

The purpose of this circular is to provide you with (i) further information regarding, among other things, the Placing Agreement and the transactions contemplated thereunder; and (ii) the notice of the SGM to be convened for the purpose of considering and, if thought fit, approving, the Placing Agreement and the transactions contemplated thereunder.

\* For identification purpose only

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## LETTER FROM THE BOARD

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### PROPOSED PLACING OF CONVERTIBLE BONDS

On 17 October 2012, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent agreed to procure, on a best efforts basis, independent Placees to subscribe in cash for the Convertible Bonds of up to an aggregate principal amount of HK\$100,000,000. Assuming the Convertible Bonds are placed in full, the maximum gross proceeds from the placing of the Convertible Bonds is HK\$100,000,000 and the maximum net proceeds from the placing of the Convertible Bonds (after deducting related expenses) are estimated to be approximately HK\$98.45 million. The net proceeds from the Convertible Bonds will be used (i) as to approximately HK\$36.3 million for repayment of Existing Convertible Bonds and interest accrued thereon; and (ii) the remaining amount for the general working capital of the Group and investment in any potential business opportunity, if any.

### THE PLACING AGREEMENT

**Date:** 17 October 2012 (after trading hours)

**Issuer:** The Company

**Placing Agent:** Sun Securities Limited

To the best of the information and knowledge of the Directors having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are not connected persons of the Company and are independent of and not connected with the Company and its connected persons.

Pursuant to the Placing Agreement, the Company agreed to issue and the Placing Agent agreed to place, on a best effort basis, the Convertible Bonds of an aggregate principal amount of up to HK\$100,000,000 at the issue price of 100% of the principal amount of the Convertible Bonds. It is expected that the Convertible Bonds will be placed to not fewer than six independent Placees who are not connected with the Company and its connected persons procured by the Placing Agent and the principal amount of the Convertible Bonds to be subscribed by each Placee will not be more than HK\$20 million.

### Placing commission

The Placing Agent will receive a placing commission of 1.25% on the total subscription price of the Convertible Bonds actually placed by the Placing Agent, which was determined after arm's length negotiation between the Company and the Placing Agent with reference to the size of the Placing and the current market conditions. The Directors are of the view that the placing commission payable for the Placing is fair and reasonable.

### Conditions precedent of the Placing

Completion of the Placing is conditional upon fulfillment of the following conditions:

- (A) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject to conditions to which neither the Company nor the Placing Agent shall reasonably object) the listing of, and permission to deal in, the Conversion Shares;



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## LETTER FROM THE BOARD

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- (B) all relevant regulatory requirements (including but not limited to those under the GEM Listing Rules and all relevant regulatory requirements in Hong Kong) shall have been complied with and satisfied;
- (C) the Shareholders shall have approved at the SGM the Placing Agreement and the transactions contemplated thereunder;
- (D) if necessary, all approvals and consents for the transactions contemplated under the Placing Agreement being obtained; and
- (E) if applicable, the Bermuda Monetary Authority shall have approved the issue of the Convertible Bonds and the Conversion Shares.

If any of the above conditions precedent are not fulfilled on or before 31 March 2013 (or such other date as the Placing Agent and the Company may agree in writing), the Placing Agreement shall have no effect and no Party shall have any liability to the other party in respect of the Placing Agreement save for any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

### **Completion of the Placing**

Subject to the fulfillment of the above conditions precedent and the Placing Agent's right to terminate the Placing Agreement as described under paragraph headed "Termination" below, completion of the Placing shall take place within five (5) Business Days after all the conditions precedent are satisfied in accordance with the Placing Agreement, or such other date as the Placing Agent and the Company may agree in writing.

### **Termination**

If at any time on or prior to 10:00 a.m. on the date of completion of the Placing:

- (A) there develops, occurs or comes into force:
  - (I) any new law or regulation or any change in existing laws or regulations which in the reasonable opinion of the Placing Agent has or is likely to have a material adverse effect on the business or financial condition or prospects of the Group; or
  - (II) any significant change (whether or not permanent) in local, national or international economic, financial, political or military conditions which in the reasonable opinion of the Placing Agent is or may be materially adverse in the context of the Placing; or
  - (III) any significant change (whether or not permanent) in local, national or international market conditions which in the reasonable opinion of the Placing Agent is or may be materially adverse in the context of the Placing or makes it inadvisable or inexpedient to proceed therewith; or
  - (IV) any material litigation or claim being instigated against any member of the Group; or

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## LETTER FROM THE BOARD

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- (B) any breach (which is material in the reasonable opinion of the Placing Agent) of any of the warranties and undertakings of the Company set out in the Placing Agreement comes to the knowledge of the Placing Agent or there has been a breach (which is material in the reasonable opinion of the Placing Agent) of any other provision of the Placing Agreement; or
- (C) there is any adverse change in the business or in the financial or trading position of the Company, or the Group which in the reasonable opinion of the Placing Agent is material in the context of the Placing,

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to 10:00 a.m. on the date of completion of the Placing.

In the event that the Placing Agent terminates the Placing Agreement due to the occurrence of any of the aforesaid event, all obligations of each of the Company and the Placing Agent under the Placing Agreement shall cease and determine and none of the Company and the Placing Agent shall have any claim against each other in respect of any matter arising out of or in connection with the Placing Agreement save for any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

### PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds are summarised below:

|                   |   |  |
|-------------------|---|--|
| Principal amounts | : | Up to an aggregate principal amount of HK\$100,000,000.  |
| Conversion Price  | : | HK\$0.0673 per Conversion Share, which is subject to adjustments for consolidation or subdivision of Shares.   |
| Interest          | : | Non interest bearing.  |
| Maturity date     | : | The seven anniversary of the date of issue of the Convertible Bonds. Any unredeemed and unconverted Convertible Bonds shall be redeemed at 100% of the outstanding principal amount of the Convertible Bonds on the maturity date.   |
| Status            | : | The Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company, ranking pari passu and rateably without any preference among themselves, and with other direct, unconditional, unsubordinated and unsecured obligations of the Company. |
| Voting            | : | The Bondholders will not be entitled to attend or vote at any meetings of the Company by reason only of being Bondholders.   |

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## LETTER FROM THE BOARD

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Transferability : The Convertible Bonds may be transferred or assigned to any third party provided that no Convertible Bond may be transferred to any person who is a connected person of the Company unless with: (i) prior notification to the Company; (ii) the consent of the Company; and (iii) in compliance of the GEM Listing Rules and the requirements (if any) that the Stock Exchange may impose from time to time.

Early redemption : The Company shall have the right to redeem the Convertible Bonds (in whole or in part) at any time after the date falling on the second anniversary of the date of issue of the Convertible Bonds and prior to the maturity date.

The Bondholder(s) shall not have the right to request the Company to redeem the Convertible Bonds prior to the maturity date.

Conversion : The Bondholders shall have the right at any time from the date of issue of the Convertible Bonds to the date falling on the 14th day immediately prior to the date of maturity of the Convertible Bonds to convert any outstanding amount of the Convertible Bonds into the Conversion Bonds at the then Conversion Price, provided that the conversion right attached to the Convertible Bonds shall only be exercisable by the Bondholder:

- (i) so long as and to the extent that immediately after such exercise, there will be sufficient public float of the Shares as required under the GEM Listing Rules; and
- (ii) so long as such Bondholder and parties acting in concert (as defined in the Takeovers Code) with it immediately after such exercise shall not be required to make a general offer under Rule 26 of the Takeovers Code (unless waiver from making a general offer has been obtained from the Securities and Futures Commission of Hong Kong).

The Conversion Price of HK\$0.0673 per Conversion Share represents:

- (i) a premium of approximately 20.18% to the closing price of HK\$0.056 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 5.82% to the average of the closing prices of approximately HK\$0.0636 per Share for the 5 trading days of the Shares prior to the Last Trading Day;

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## LETTER FROM THE BOARD

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- (iii) a premium of approximately 11.06% to the average of the closing prices of approximately HK\$0.0606 per Share for the 10 trading days of the Shares prior to the Last Trading Day; and
- (iv) a premium of approximately 16.03% to the closing price of HK\$0.058 per Share as quoted on the Latest Practicable Date.

The Conversion Price was determined after arm's length negotiations between the Company and the Placing Agent, with reference to the recent performance of the Shares, the Group's existing financial position and current market conditions.

### **Conversion Shares**

Based on the Conversion Price of HK\$0.0673, a maximum number of 1,485,884,101 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent:

- (i) approximately 84.5% of the existing issued share capital of the Company; and
- (ii) approximately 45.8% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

Based on the above and the reasons as set out in the section headed "Reasons for the Placing of the Convertible Bonds and Use of Proceeds" below, the Directors (including the independent non-executive Directors) are of the view that the terms of the Convertible Bonds are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Conversion Shares. Holders of the Conversion Shares will be entitled to receive all future dividends and distributions on or after the date of allotment and issue of the Conversion Shares.

### **Specific mandate**

The Conversion Shares will be issued under a specific mandate proposed to be sought from the Shareholders at the SGM.

### **Application for listing**

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Conversion Shares. No application will be made for the listing of the Convertible Bonds.

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## LETTER FROM THE BOARD

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### REASONS FOR THE PLACING OF THE CONVERTIBLE BONDS AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in the manufacturing and sales of household products. During the third quarter of year 2011, the Group commenced its business in the funeral services industry, which mainly includes the development, management and operation of funeral consultation and agency services as well as the trading of funeral-related products. Since April 2012, the Group has started operating a public funeral parlour in Hunghom.

The Directors consider that the issue of the Convertible Bonds will provide the Company with immediate funding without immediate dilution of the shareholding of the existing Shareholders and, if the conversion rights attached to the Convertible Bonds are exercised, the capital base of the Company will be enlarged.

Assuming the Convertible Bonds are placed in full, the maximum gross proceeds from the placing of the Convertible Bonds is HK\$100,000,000 and maximum net proceeds from the placing of the Convertible Bonds (after deducting related expenses) is estimated to be approximately HK\$98.45 million. Assuming the Convertible Bonds are placed in full and converted into the Conversion Shares at the initial Conversion Price of HK\$0.0673, the net proceeds raised per Conversion Share will be approximately HK\$98.45 million. The net proceeds from the Convertible Bonds will be used (i) as to approximately HK\$36.3 million for repayment of Existing Convertible Bonds and interest accrued thereon; and (ii) the remaining amount for the general working capital of the Group and investment in any potential business opportunity, if any.

The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement, which were arrived at after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following fund raising activities in the past twelve months from the Latest Practicable Date:

| Date of announcement | Fund raising activities  | Net Proceeds                   | Intended use of proceeds as announced  | Actual use of proceeds  |
|----------------------|--|--------------------------------|--|---|
| 3 September 2012     | Issue of convertible notes in the principal amount of HK\$35 million | Approximately HK\$34.5 million | Approximately HK\$20 million for repayment of loan and the remaining balance for the general working capital of the Group. | HK\$20 million was utilised as intended for repayment of loan and the remaining balance was retained as general working capital of the Group. |

## LETTER FROM THE BOARD

Save as disclosed above, the Company has not conducted any fund raising activities in the past twelve months before the Latest Practicable Date.

### EFFECTS ON SHAREHOLDING STRUCTURE

The table below sets out the Company's shareholding structure (i) as at the Latest Practicable Date; and (ii) immediately after issue of the Conversion Shares upon full conversion of the Convertible Bonds assuming there is no other change in the existing shareholding of the Company.

| Shareholders                                 | As at the Latest Practicable Date |                               | Immediately after issue and allotment of the Conversion Shares upon full conversion of the Convertible Bonds |                               |
|--|-----------------------------------|-------------------------------|--|-------------------------------|
|  | Number of Shares                  | Approximate % of shareholding | Number of Shares   | Approximate % of shareholding |
| True Allied Assets Limited ( <i>Note 1</i> ) | 351,598,000                       | 19.99                         | 351,598,000  | 10.84                         |
| Mr. Li Ge ( <i>Note 1</i> )                  | 160,548,000                       | 9.13                          | 160,548,000  | 4.95                          |
|  | 512,146,000                       | 29.12                         | 512,146,000  | 15.79                         |
| <b>Public</b>                                |                                   |                               |  |                               |
| – the Placees                                | –                                 | –                             | 1,485,884,101  | 45.80                         |
| Other public Shareholders                    | 1,246,209,970                     | 70.88                         | 1,246,209,970  | 38.41                         |
| <b>Total</b>                                 | <b>1,758,355,970</b>              | <b>100.00</b>                 | <b>3,244,240,071</b>   | <b>100.00</b>                 |

*Note 1:*

- The entire issued shares of True Allied Assets Limited are beneficially owned by Mr. Li Ge, an executive Director.

### SGM

A notice convening the SGM to be held at Room 1005, C.C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong at 11:00 a.m. on Friday, 23 November 2012 is set out on pages 13 to 14 of this circular.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar 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 SGM 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 should you so wish.

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## LETTER FROM THE BOARD

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To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Director or Shareholder has a material interest in the placing of the Convertible Bonds and no Shareholder is required to abstain from voting at the SGM.

### RECOMMENDATION

The Directors consider that the Placing Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend that the Shareholders vote in favour of the ordinary resolution to be proposed at the SGM to approve the Placing Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the Specific Mandate.

Completion of the Placing is subject, among others, to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

### RESPONSIBILITY STATEMENT

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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By order of the Board  
**FAVA INTERNATIONAL HOLDINGS LIMITED**  
**LI Ge**  
*Executive Director*

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## NOTICE OF SGM

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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: 08108)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting of FAVA International Holdings Limited (the “**Company**”) will be held at Room 1005, C.C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong, at 11:00 a.m. on Friday, 23 November 2012 for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution of the Company:

### ORDINARY RESOLUTIONS

**“THAT**

- (a) the placing agreement dated 17 October 2012 (as supplemented by a supplemental letter dated 6 November 2012) entered into between the Company and Sun Securities Limited (the “**Placing Agent**”) in relation to the placing of the convertible bonds in an aggregate principal amount of up to HK\$100,000,000 (the “**Convertible Bond(s)**”) by the Placing Agent (the “**Placing Agreement**”) (a copy of which has been produced to the meeting marked “A” and initialed by the chairman of the meeting for the purpose of identification) (as may be amended from time to time) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the execution, delivery and performance by the Company of the Placing Agreement be and are hereby approved, confirmed and ratified;
- (c) subject to the fulfillment or waiver of the conditions set out in the Placing Agreement (as may be amended from time to time), the Directors be and are hereby authorised to issue the Convertible Bond(s) in accordance with the terms and conditions of the Placing Agreement (as may be amended from time to time);
- (d) any Director be and is hereby authorised to allot and issue new shares of the Company which may fall to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds or part thereof to the relevant holder(s) of the Convertible Bond(s); and
- (e) any Director be and is hereby authorised to do all such acts and things, as he/she may in his/her discretion consider necessary, expedient or desirable and any two Directors be and are hereby authorised to execute all such documents provided that the seal is required to be affixed thereto for the purpose of or in connection with the implementation of or giving effect to the placing of the Convertible Bonds, the Placing Agreement and the transactions contemplated thereunder, including but without limitation, the exercise or enforcement of any of the Company’s rights

\* For identification purpose only



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## NOTICE OF SGM

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under the Placing Agreement, to make and agree to such variations of the terms of the Placing Agreement and/or redemption of the Convertible Bonds (or any part thereof before their maturity date) as he/she may consider to be appropriate and in the interests of the Company.”

By order of the Board  
**FAVA INTERNATIONAL HOLDINGS LIMITED**  
**LI Ge**  
*Executive Director*

Hong Kong, 8 November 2012

*Notes:*

- (1) Any member entitled to attend and vote at the meeting convened by the above notice is 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 the meeting. A proxy need not be a member of the Company.
- (2) Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such shares 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) In order to be valid, the form of 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, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the said meeting or any adjournment thereof.
- (4) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
- (5) As at the date hereof, the Board comprises Mr. Li Ge, Mr. Zhao Guo Wei and Mr. Sun, Miguel as executive Directors, and Mr. Liu Qing Chen, Mr. Yang Dongli and Mr. Zhang Chun Qiang as independent non-executive Directors.
- (6) According to Rule 17.47(4) of the GEM Listing Rules, the voting of the meeting should be taken by poll.