



## Kwong Hing International Holdings (Bermuda) Limited

廣興國際控股有限公司\*

(Incorporated in Bermuda with limited liability)

### PROPOSAL FOR CONSOLIDATION OF SHARES, CHANGE IN BOARD LOT SIZE AND GRANT OF GENERAL MANDATES TO ISSUE AND REPURCHASE CONSOLIDATED SHARES

The Board proposes to consolidate every 10 issued and unissued shares of HK\$0.01 each into 1 share of HK\$0.10 each, and to change the board lot size for trading in the shares of the Company on the Stock Exchange from the existing 20,000 Shares to 5,000 Consolidated Shares upon the Share Consolidation becoming effective.

A circular containing, among other things, details of the Share Consolidation, change in board lot size, parallel trading arrangements, arrangements for free exchange of share certificates for the Consolidated Shares, the grant of the general mandates to issue and repurchase Consolidated Shares and a notice convening the SGM will be despatched to the Shareholders and, for information only, to the holders of the Share Options as soon as practicable.

#### Proposed Share Consolidation and change in board lot size

The Board proposes that every 10 issued and unissued shares of HK\$0.01 each be consolidated into 1 share of HK\$0.10 each. The Board considers that the Share Consolidation will allow the Company to reduce its annual listing fee and also reduce the handling costs for the Shareholders including, but not limited to, charges on stock withdrawal and share certificate issue. The proposed Share Consolidation will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, except for the payment of estimated expenses of HK\$120,000. The Board is of the view that the Share Consolidation is in the best interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the authorised share capital of the Company is HK\$500,000,000 divided into 50,000,000,000 Shares, of which 3,866,400,000 Shares were issued and fully paid. In addition, there were 193,320,000 Share Options granted by the Company which remained outstanding. Upon the Share Consolidation becoming effective and assuming no further Shares will be issued prior to the SGM, the authorised share capital will be HK\$500,000,000 divided into 5,000,000,000 Consolidated Shares, comprising 386,640,000 Consolidated Shares in issue and fully paid. The Consolidated Shares will rank pari passu in all respects with the Shares in issue prior to the Share Consolidation and there will be no change in the relative rights of the Shareholders. Fractional entitlements of Consolidated Shares, if any, will be aggregated and sold for the benefit of the Company.

The Board also resolves that upon the Share Consolidation becoming effective, the board lot size for trading in the Shares will be changed from the existing 20,000 Shares to 5,000 Consolidated Shares. Based on the structure of the Share Consolidation and the closing price of HK\$0.052 per Share on 12th February, 2003, being the last trading day prior to the release of this announcement, the theoretical value of each board lot of 20,000 Consolidated Shares will be HK\$10,400, and the proposed change in board lot size will decrease the board lot value of the Consolidated Shares to HK\$2,600 each. The Board considers that the proposed change in board lot size could improve the liquidity of the Consolidated Shares and broaden the shareholder base of the Company.

#### Adjustment to the Share Options

The exercise price of the Share Options and/or the number of shares subject to the Share Options may have to be adjusted in accordance with the rules of the Share Option Scheme. If any Share Option may become or remains exercisable on the effective date of the Share Consolidation, the Company will request the auditors of the Company to provide a certificate as to the adjustment (if any) required to be made in accordance with the rules of the Share Option Scheme and Rule 17.03(13) of the Listing Rules once the Share Consolidation becomes effective. The Company will make a further announcement when appropriate in respect of the subscription price adjustment.

#### Arrangement on odd lot trading

In order to alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares as a result of the Share Consolidation and the change of the board lot size from the existing 20,000 Shares to 5,000 Consolidated Shares, arrangements will be made for a broker to stand in the market to match the purchase and sale of odd lots of the Consolidated Shares at the relevant market price per Consolidated Share for the period from Wednesday, 2nd April, 2003 to Friday, 25th April, 2003 (both dates inclusive). Holders of odd lots of the Consolidated Shares who wish to take advantage of this facility either to dispose of their odd lots of the Consolidated Shares or to top up to board lots of 5,000 Consolidated Shares may contact Mr. Ho Sai Hang, Vitus of Kingsway SW Securities Limited at 5th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong at telephone number (852) 2283 7111 from Wednesday, 2nd April, 2003 to Friday, 25th April, 2003. Holders of odd lots of the Consolidated Shares should note that the match up of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

#### Free exchange of share certificates

The following arrangement will be implemented upon the Share Consolidation becoming effective:

- Shareholders may exchange their certificates for existing Shares for new certificates for Consolidated Shares on or after Wednesday, 19th March, 2003. This may be done free of charge by delivering the certificates for existing Shares to the Company's branch share registrar in Hong Kong, Secretaries Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong until Wednesday, 30th April, 2003. Thereafter, the beige share certificates for the existing Shares will remain effective as documents of title, on the basis of 10 Shares for 1 Consolidated Share, and may be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be stipulated in the Listing Rules from time to time) for each new certificate to be issued or each old certificate submitted, whichever number of certificates is higher. A Shareholder will be entitled to aggregate his/her/its Shares registered in his/her/its name in order to obtain new certificates for Consolidated Shares in board lot(s) of 5,000 Consolidated Shares.
- If Shareholders lodge their certificates for the existing Shares between 9:00 a.m. to 4:00 p.m. on Wednesday, 19th March, 2003, it is expected that new certificates for the Consolidated Shares will be available for collection on Wednesday, 2nd April, 2003. If Shareholders lodge their certificates for the existing Shares after Wednesday, 19th March, 2003, it is expected that new certificates for Consolidated 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 at the above address for exchange. Unless instructed otherwise, new certificates for Consolidated Shares will be issued in board lots of 5,000 Consolidated Shares. Holders of the Consolidated Shares in odd lots (including the case where the number of Consolidated Shares is less than 5,000) may either dispose of or top up their odd lots to a board lot of 5,000 Consolidated Shares by making use of the facility as described in the section headed "Arrangement on odd lot trading" above.

#### Conditions of the Share Consolidation

The Share Consolidation is conditional on the fulfillment of the following conditions:

- the passing by the Shareholders of an ordinary resolution to be proposed at the SGM approving the Share Consolidation; and
- the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue upon the Share Consolidation becoming effective and any Consolidated Shares which may be issued pursuant to the exercise of the subscription rights attaching to the Share Options.

#### Expected timetable

	2003
SGM circular despatched on or about	Friday, 28th February
Latest time for lodging proxy forms	
for the SGM	10:00 a.m. on Sunday, 16th March
Date of the SGM	10:00 a.m. on Tuesday, 18th March
Effective date for Share Consolidation	Wednesday, 19th March
Deals in Consolidated Shares	
commence	9:30 a.m. on Wednesday, 19th March
Existing counter for trading in Shares	
in board lots of 20,000 Shares	
temporarily closes	9:30 a.m. on Wednesday, 19th March
Temporary counter for trading in Consolidated Shares	
in board lots of 2,000 Consolidated Shares	
(in the form of existing share certificates	
for Shares) opens	9:30 a.m. on Wednesday, 19th March
First day of free exchange of existing share certificates	
for Shares for new share certificates	
for Consolidated Shares	Wednesday, 19th March
Existing counter for trading in Consolidated Shares in	
board lots of 5,000 Consolidated Shares	
(in the form of new share certificates for	
Consolidated Shares) reopens	9:30 a.m. on Wednesday, 2nd April
Parallel trading in Consolidated Shares	
(in the form of existing and new share	
certificates) commences	9:30 a.m. on Wednesday, 2nd April
Designated broker starts to stand in the market	
to provide matching service	Wednesday, 2nd April
Temporary counter for trading in Consolidated Shares	
in board lots of 2,000 Consolidated Shares	
(in the form of existing share certificates	
for Shares) closes	4:00 p.m. on Friday, 25th April
Parallel trading in Consolidated Shares	
(in the form of existing and new share	
certificates) ends	4:00 p.m. on Friday, 25th April
Last day for designated broker to stand in the market	
to provide matching service	Friday, 25th April
Last day of free exchange of existing share	
certificates for Shares for new share certificates	
for Consolidated Shares	Wednesday, 30th April

#### General mandates to issue and repurchase Consolidated Shares

In connection with the Share Consolidation, the Directors will seek the approval of Shareholders to grant to the Directors a general mandate to allot and issue Consolidated Shares up to a maximum of 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue immediately following the Share Consolidation and to allot and issue further Consolidated Shares repurchased by the Company pursuant to the repurchase mandate referred to below.

The Directors will also seek the approval of Shareholders to grant to the Directors a general mandate to repurchase Consolidated Shares up to a maximum of 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue immediately following the Share Consolidation.

#### General

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue upon the Share Consolidation becoming effective and any Consolidated Shares which may be issued pursuant to the exercise of the subscription rights attaching to the Share Options.

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#### Definitions

"Board"	board of Directors
"Company"	Kwong Hing International Holdings (Bermuda) Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
"Consolidated Share(s)"	new ordinary share(s) with nominal value of HK\$0.10 each in the share capital of the Company after the Share Consolidation becomes effective
"Directors"	the directors of the Company
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"SGM"	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Consolidation and the grant of the general mandates
"Share(s)"	ordinary shares of HK\$0.01 each in the existing share capital of the Company
"Share Consolidation"	the proposed share consolidation whereby every 10 issued and unissued Shares will be consolidated into 1 Consolidated Share
"Share Option(s)"	share options to subscribe for shares in the Company pursuant to the Share Option Scheme
"Share Option Scheme"	the share option scheme of the Company approved at the Company's annual general meeting on 23rd August, 2002 and adopted on 28th August, 2002
"Shareholders"	the shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong

By order of the board of directors of

**Kwong Hing International Holdings (Bermuda) Limited**  
Li Man Ching  
Chairman

Hong Kong, 12th February, 2003

\* for identification purpose only