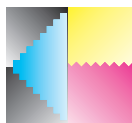

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your 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 Kwong Hing International Holdings (Bermuda) Limited, you should at once hand this circular 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 takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



**KWONG HING INTERNATIONAL HOLDINGS
(BERMUDA) LIMITED**

(incorporated in Bermuda with limited liability)

(Stock Code: 1131)

CONNECTED AND DISCLOSEABLE TRANSACTIONS –

DISPOSAL OF INTERESTS IN A SUBSIDIARY

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DEFINITIONS

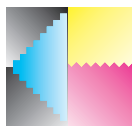
In this circular the following expressions have the meanings respectively set opposite them unless the context otherwise requires:

“Acquisition”	the acquisition of 70% interest of South Season by the Group in October 2003 from the Purchaser
“Agreement”	the agreement dated 27th October 2004 entered into by the Vendor and the Purchaser in respect of the Transactions
“Board”	the board of directors of the Company
“Company”	Kwong Hing International Holdings (Bermuda) Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Completion”	completion of the Transactions
“Directors”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s)
“Latest Practicable Date”	17 November 2004
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Companies under the Listing Rules
“Promissory Note”	an interest-free promissory note to be made by the Purchaser on Completion and pursuant to the Agreement, under which the Purchaser undertakes to pay to the Vendor in cash a sum of HK\$5,300,000 within 3 months from the date of the Agreement for the settlement of the Consideration
“Purchaser”	Mr. Chiu Ka Lun, a director of South Season and the registered shareholder of 18% of the issued share capital of South Season
“Sale Share”	1 issued share of US\$1 in the capital of Sweetime, which constitutes the entire issued share capital of Sweetime
“Shareholders”	means shareholders of the Company

DEFINITIONS

“SFO”	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“Shareholder’s Loans”	the loans advanced by the Vendor to Sweetime, which are interest-free and repayable on demand, and the balance of which as at the date of the Agreement is HK\$5,797,064.70
“South Season”	South Season Industrial Company Limited (南洋實業有限公司), a company incorporated in Hong Kong with limited liability on 15th September 1978
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	shall have the meaning as defined in the Companies Ordinance of Hong Kong, Chapter 32 of the laws of Hong Kong
“Sweetime”	Sweetime Inc., a company incorporated in the British Virgin Islands with limited liability on 8th August 2003, the entire issued share capital of which was held by the Vendor before the Transactions
“Transactions”	the sale of the Sale Share and the assignment of the Shareholders’ Loans from the Vendor to the Purchaser pursuant to the terms of the Agreement
“US\$”	the dollar(s) of the United States of America
“Vendor”	Sinoplex Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly owned subsidiary of the Company

LETTER FROM THE BOARD



KWONG HING INTERNATIONAL HOLDINGS (BERMUDA) LIMITED

(incorporated in Bermuda with limited liability)

Executive Directors:

Mr. Li Man Ching (*Chairman*)
Ms. Li Mei Lin (*Deputy Chairman*)
Mr. Li Man Shun
Mr. Fung Chi Ki

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors:

Mr. Tsui Wing Yin
Mr. Lau Chung Man, Louis
Mr. So Kin Wah

Head office and

principal place of business:
Units C-D, 8th Floor
Mai Shun Industrial Building
18-24 Kwai Cheong Road
Kwai Chung
New Territories
Hong Kong

19 November 2004

To the Shareholders

Dear Sirs,

CONNECTED AND DISCLOSEABLE TRANSACTIONS – DISPOSAL OF INTERESTS IN A SUBSIDIARY

INTRODUCTION

On 27th October 2004, the Vendor, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with the Purchaser, pursuant to which the Vendor sold the entire issued share capital of Sweetime to the Purchaser and assigned to the Purchaser the Shareholder's Loans due by Sweetime to the Vendor. The Consideration of the Transactions is HK\$5,800,000. The Company, through Sweetime, acquired from the Purchaser 70% interest in South Season in October 2003.

The Purchaser is a director and substantial shareholder of South Season, a non-wholly owned subsidiary of the Company, therefore, he is a connected person of the Company. The Transactions constitute connected transactions of the Company under Rule 14A.32 of the Listing Rules.

The Transactions also constitute discloseable transactions for the Company under the Listing Rules and the purpose of this circular is to give you information regarding, amongst other things, further details of the Transactions.

LETTER FROM THE BOARD

THE AGREEMENT

Date:

27th October 2004

Parties:

- (1) the Vendor
- (2) the Purchaser

Assets to be disposed of:

- (1) the Sale Share; and
- (2) the Shareholder's Loans

Consideration:

The Consideration is HK\$5,800,000. Out of which, HK\$ 5,797,064.70 is for the Shareholder's Loans, which is equal to the balance of the Shareholder's Loans as at the date of the Agreement. The balance HK\$2,935.30 is for the Sale Share.

The Consideration shall be paid to the Vendor in two installments:

- (1) HK\$500,000 is paid to the Vendor when the Agreement is signed;
- (2) the remaining HK\$5,300,000 shall be paid in cash within 3 months from the date the Agreement is signed.

According to the Agreement, the Purchaser has a legal obligation to pay to the Vendor and the Vendor has a legal right to receive from the Purchaser the HK\$5,300,000 on or before 26th January 2005. As an additional protection to the Vendor on top of the contractual right of the Vendor to receive this sum under the Agreement, the Purchaser delivered to the Vendor on Completion the Promissory Note.

Completion:

Completion has taken place on 27th October 2004.

INFORMATION ABOUT SWEETIME AND SOUTH SEASON

Sweetime is a wholly owned subsidiary of the Vendor and the Company is the ultimate holding company of Sweetime and the Vendor. Sweetime is an investment holding company. The only investment it has is a 70% equity interest in South Season.

LETTER FROM THE BOARD

South Season is principally engaged in trading of garments in Hong Kong. Sweetime acquired from the Purchaser 70% interest in South Season in October 2003. The purchase price was HK\$24,500,000. The details of the Acquisition were disclosed in an announcement dated 29th August 2003. South Season then became an indirect non-wholly owned subsidiary of the Company.

Sweetime was incorporated in August 2003. Sweetime was purchased by the Group solely as an investment holding vehicle for acquiring the 70% interest in South Season in October 2003. Sweetime was dormant for the period from August 2003 to October 2003. The audited and consolidated net loss of Sweetime and South Season for the period from 8th August 2003 (the date of incorporation of Sweetime) to 31st March 2004 is set out as follows:

	Period from 8th August 2003 (Date of Incorporation of Sweetime) to 31st March 2004 HK\$'000
Loss before taxation	1,396
Loss after taxation	1,352

All revenue of Sweetime is dividend received from South Season. The consolidated net asset value of Sweetime and South Season was approximately negative HK\$1,260,000 as at 31st March 2004. With reference to the audited accounts of the Group as at 31st March 2004, the Transactions will result in the consolidated loss and negative net assets of Sweetime and South Season being excluded from the consolidated accounts of the Group.

REASONS FOR THE DISPOSAL

The Group is principally engaged in the provision of fabric knitting, bleaching, dyeing and setting services, trading of garment products, and manufacture and sale of knitted fabrics.

As disclosed in the announcement dated 29th August 2003, the reason of the Acquisition was that South Season's garment trading business might complement and introduce additional business opportunities to the Group's businesses. The Directors further considered that the Acquisition might enlarge the Group's earnings base in view of the combined operation scale of the Group and South Season. Through its management and control of South Season during the past year, the Directors consider that the contribution of South Season to the Group is not as expected, and based on information from professional trade advisory consultants and various media sources such as newspapers, television news and internet, it is anticipated that the business of South Season is likely to decline in future because of the recent strengthening trend of protectionism in the United States of America against garment products from China. All revenue of South Season comes from the market of the United States of America. The Directors therefore consider that it is an appropriate time to make a disposal.

LETTER FROM THE BOARD

The Consideration and the payment terms of the Transactions were determined after arm's length negotiation between the parties on general commercial terms with due consideration for the Purchaser's payment ability to honour his financial obligations under the Agreement and/or the Promissory Note. At the request of the Purchaser and on the basis that he agreed to provide to the Vendor the Promissory Note as security, the payment of the Consideration was divided into two installments as set out above. The Consideration was also determined with reference to the outstanding principal amount of the Shareholder's Loans.

Based on the audited accounts as at 31st March 2004, the consolidated net asset value of Sweetime and South Season was approximately negative HK\$1,260,000. From the sale of the Sale Share, the Group is entitled to receive HK\$2,935.30. Therefore, with reference to the audited accounts as at 31st March 2004, the disposal will result in a net profit of approximately HK\$1,260,000 to the Group. The receipt of the Consideration will strengthen the cashflow position of the Group. The Group intends that the sale proceeds from the Transactions will be applied as general working capital. At present, the Group does not have any specific investment plans.

In view of the above, the Directors (including the independent non-executive Directors) consider the terms of the Agreement to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

GENERAL

After the Acquisition, South Season became an indirect non-wholly owned subsidiary of the Company. Before the Transactions, the Company held 70% of the interest in South Season through the Vendor and Sweetime. The Purchaser holds 18% interest in and is also a director of South Season. The other 12% interest in South Season is held by another director of South Season, who has no interest in the Transactions. As the Purchaser is a director and substantial shareholder of South Season, the Transactions constitute connected transactions of the Company under Rule 14A.32 of the Listing Rules and is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rule. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, except as disclosed in this circular, the Purchaser is a third party independent of the Company and connected persons of the Company in accordance with the Listing Rules.

The Transactions also constitute discloseable transactions for the Company under the Listing Rules and the purpose of this circular is to give you information regarding, amongst other things, further details of the Transactions.

After the Transactions, no company within the Group holds any shares in Sweetime or South Season and both Sweetime and South Season ceased to be subsidiaries of the Company.

FURTHER INFORMATION

Your attention is also drawn to the appendix to this circular.

By order of the Board
Kwong Hing International Holdings (Bermuda) Limited
Li Mei Lin
Deputy Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which were notified to the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Long positions

Ordinary shares of HK\$0.10 each of the Company

Name of Director	Number of ordinary shares		Interest in underlying shares pursuant to share option	Aggregated interest	Percentage of the issued share capital of the Company
	Personal interests	Other interests <i>(note)</i>			
Ms. Li Mei Lin	–	163,748,000	1,500,000	165,248,000	42.5%
Mr. Li Man Shun	–	163,748,000	–	163,748,000	42.1%
Mr. Fung Chi Ki	–	–	1,933,200	1,933,200	0.5%

Note: Ms. Li Mei Lin and Mr. Li Man Shun beneficially own 30,600 shares and 29,700 shares respectively in Rayten Limited, representing 34 per cent and 33 per cent, respectively of the issued share capital of Rayten Limited, which in turn owns 163,748,000 shares of HK\$0.10 each in the Company. Ms. Li Mei Lin and Mr. Li Man Shun are also directors of Rayten Limited.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at the Latest Practicable Date, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Other than the interests disclosed above in respect of the Directors, none of the Directors knows of any person (not being a Director or chief executive of the Company) who had an interest or short position in shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

3. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

4. SERVICE CONTRACTS

Mr. Li Man Shun, Mr. Fung Chi Ki, Mr. Tsui Wing Yin and Mr. So Kin Wah have entered into service contracts with the Company for the term commencing 1st March 2004, 19th December 2003, 1st March 1999 and 1st April 2004 respectively. All their appointments shall continue thereafter, subject to termination by either party giving at least three months' prior notice to the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the Company within one year without payment of compensation other than statutory compensation).

5. GENERAL

- A. Mr. Fung Chi Ki is the Group's financial controller and company secretary of the Company. He is a Certified Public Accountant in Hong Kong and a fellow member of the Chartered Institute of Management Accountants. He has over thirteen years' experience in accounting and finance before he joined the Group in July 1998.
- B. The English text of this circular shall prevail over the Chinese text in the case of inconsistency.