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

If you have sold all your shares in Kwong Hing International Holdings (Bermuda) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 1131)

Directors:

Mr. Li Man Ching
Ms. Li Mei Lin
Mr. Li Man Shun
Mr. Fung Chi Ki
Mr. Tsui Wing Yin*
Mr. Lau Chung Man, Louis*
Mr. So Kim Wah*

Registered Office:

Clarendon House,
2 Church Street,
Hamilton, HM 11,
Bermuda.

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.

* *Independent non-executive Directors*

29th July 2005

To the Shareholders

Dear Sir or Madam,

**PROPOSALS RELATING TO
RE-ELECTION OF DIRECTORS
AND GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the ordinary resolutions to be proposed at the forthcoming Annual General Meeting ('AGM') relating to

(i) re-election of directors; (ii) the granting to the directors of the Company the new general mandates to allot, issue and deal with shares and to repurchase shares.

RE-ELECTION OF DIRECTORS

Pursuant to Article 110(A) of the Company's Bye-laws, Mr. Li Man Ching, Ms. Li Mei Lin, Mr. Lau Chung Man, Louis, shall at the forthcoming annual general meeting and, being eligible, offer them themselves for re-election.

Details of the above retiring Directors are set out in Appendix I to this circular.

GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES

Pursuant to the ordinary resolutions of the Company passed at the annual general meeting held on 25th August, 2004, which granted general mandates to the Directors: (i) to allot, issue and deal with shares not exceeding 20 per cent. of the aggregate nominal value of the then existing share capital of the Company at the date of resolution; (ii) to repurchase shares of the Company with an aggregate nominal value of up to 10 per cent. of the aggregate nominal value of the then share capital of the Company at the date of resolution. In addition, a further ordinary resolution was passed to extend the general mandate to issue shares by the addition of any shares repurchased by the Company under the authority to repurchase shares.

No shares have been repurchased pursuant to the general mandate to repurchase shares.

These general mandates will lapse at the conclusion of the forthcoming AGM of the Company. The Directors believe that renewal of the general mandates is in the interests of the Company and its shareholders. Ordinary resolutions will therefore be proposed at AGM of the Company to be held on Monday, 5th September, 2005 to approve new general mandates to allot, issue and deal with shares and to repurchase shares.

The Ordinary Resolution No.4B would grant a general mandate to the Directors to exercise the powers of the Company to repurchase, on the Stock Exchange, shares representing up to 10 per cent. of the issued share capital of the Company at the date of resolution (the "Repurchase Mandate"). In accordance with the Listing Rules the authority conferred on the Directors by the Ordinary Resolution No.4B would continue in force until the conclusion of the next AGM of the Company or any earlier date as referred to in paragraph (c) of such resolution.

An explanatory statement as required under the Listing Rules, giving certain information regarding the Repurchase Mandate is set out in the appendix II.

The Ordinary Resolution No.4A would grant a general mandate to the Directors to allot, issue and deal with shares of the Company up to a limit of 20 per cent. of the issued share capital of the Company as at the date of resolution. Furthermore, the Ordinary Resolution No.4C would enable the Directors to issue, under the general mandate contained in the Ordinary Resolution No.4A, an additional number of shares representing that number of shares repurchased under the Repurchase Mandate. In accordance with the Listing Rules the authority conferred on the Directors by the Ordinary Resolution No.4A would continue in force until the conclusion of the next AGM of the Company or any earlier date as referred to in paragraph (d) of such resolution.

RIGHT TO DEMAND A POLL

Pursuant to Article 78 of the Company's Bye-laws, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:–

- (i) by the Chairman of the meeting; or
- (ii) by at least three members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by a member or members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll be so demanded and not withdrawn, a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.

ACTION TO BE TAKEN

Notice of AGM dated 29th July, 2005 is set out on Appendix III, and a form of proxy for use at the Annual General Meeting is enclosed therein. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the form of proxy and return it to the Company's head office and principal place of business in Hong Kong at Units C-D, 8th Floor, Mai Shun Industrial Building, 18-24 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong so as to be received not less than 48 hours before the time appointed for holding the Annual General Meeting. The return of a form of proxy will not preclude a shareholder from attending and voting in person.

RECOMMENDATION

The Directors believe that all the above mentioned resolutions to be proposed at the AGM are in the best interests of the Company as well as its shareholders. Accordingly, the Directors recommend that all shareholders vote in favour of the resolutions to be proposed at the AGM.

Yours faithfully,
Li Man Ching
Chairman

Details of the Directors proposed to be re-elected at the forthcoming AGM are set out as follows:

EXECUTIVE DIRECTORS

Mr. Li Man Ching, aged 46, is the Chairman of the Company and a co-founder of the Group. He was appointed as executive director in February 1997. He is responsible for the business development and policy making of the Group, with primary focus on overseas marketing and sales promotion. He has over 20 years' experience in the textiles industry in the areas of sales and production. He did not hold any other directorship in the listed public companies during the past three years. He is the brother of Ms. Li Mei Lin and Mr. Li Man Shun, the executive directors of the Company.

There is a service agreement entered into between the Company and Mr. Li Man Ching without fixed term, pursuant to which Mr. Li is entitled to a remuneration of HK\$910,000 per year plus a discretionary bonus as determined by the board from time to time by reference to market rate after considering his duty and contribution to the Group. The term of his appointment is subjected retirement by rotation in accordance with the Company's Bye-laws and is also subjected to the termination by either party giving at least three months' prior notice to the other party.

Mr. Li's interest in the shares of the Company is disclosed in page 6.

Mr. Li is not aware of any other matters that need to be brought to the attention of the shareholders.

Ms. Li Mei Lin, aged 45, is the Deputy Chairman of the Company and a co-founder of the Group. She was appointed as executive director in February 1997. She is responsible for the administration and management of the Group. She has over ten years' experiences in the textiles industry. She did not hold any other directorship in the listed public companies during the past three years. Ms. Li Mei Lin is the sister of Mr. Li Man Ching and Mr. Li Man Shun, the executive directors of the Company.

There is a service agreement entered into between the Company and Ms. Li Mei Lin without fixed term, pursuant to which Ms. Li is entitled to a remuneration of HK\$1,040,000 per year plus a discretionary bonus as determined by the board from time to time by reference to market rate after considering her duty and contribution to the Group. The term of her appointment is subjected retirement by rotation in accordance with the Company's Bye-laws and is also subjected to the termination by either party giving at least three months' prior notice to the other party.

Ms. Li's interest in the shares of the Company is disclosed in page 6.

Ms. Li is not aware of any other matters that need to be brought to the attention of the shareholders.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Lau Chung Man, Louis, aged 46, holds a Bachelor's degree in Commerce and Administration from Victoria University of Wellington in New Zealand. He was appointed as independent non-executive director in February 1997. He is a member of the New Zealand Society of Accountants and a member of the Hong Kong Institute of Certified Public Accountants. He is also an executive director of Singtao Corporation News Limited (Stock Code 1105) and was an executive directors of China Everbright Ltd. (Stock Code 165), the companies listed on The Stock Exchange of Hong Kong Limited.

There is a service agreement entered into between the Company and Mr. Lau Chung Man without fixed term, pursuant to which Mr. Lau is entitled to a remuneration of HK\$100,000 per year by reference to market rate after considering his duty and contribution to the Group. The term of his appointment is subjected retirement by rotation in accordance with the Company's Bye-laws and is also subjected to the termination by either party giving at least three months' prior notice to the other party.

Mr. Lau does not have any interest in shares within the meaning of Part XV of the SFO.

Mr. Lau is not connected with any directors, senior management or substantial or controlling shareholders of the Company.

Mr. Lau is not aware of any other matters that need to be brought to the attention of the shareholders.

FURTHER INFORMATION ON THE DIRECTORS PROPOSED FOR RE-ELECTION

As at the 26th July, 2005 ("the Latest Practicable Date"), the interests of the above directors in the shares and underlying shares of the Company and its associated corporation as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Future Ordinance ("SFO") or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long position

Name of director	Number of ordinary shares		Interest in underlying shares	Aggregated interest	Percentage of the issued share capital of the Company
	Personal interests	Other interests	pursuant to share option		
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%

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.

1. SHARE CAPITAL

As at Latest Practicable Date, the issued share capital of the Company was 388,573,200 shares and there were outstanding of share options entitling the holders thereof to subscribe for an aggregate of 17,552,000 shares. Subject to the passing of the necessary ordinary resolutions and on the basis that no further Shares are issued or repurchased prior to the AGM, exercise in full of the Repurchase Mandate could accordingly result in up to 38,857,320 Shares being repurchased by the Company during the course of the period prior to the next annual general meeting of the Company.

2. REASONS FOR REPURCHASES

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

3. FUNDING OF REPURCHASES

Repurchases of Shares will be funded entirely from the Company's available cash flow or working capital facilities, which will be funds legally available for the purchase in accordance with the Memorandum of Association and Bye-Laws and the applicable laws of Bermuda.

The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company. No material adverse effect on the working capital requirements or gearing levels of the Company (as compared with the position disclosed in the audited accounts contained in the annual financial statements for the year ended 31st March 2005) is anticipated in the event that the Repurchase Mandate is exercised in full at any time.

4. GENERAL

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates, have any present intention if the Repurchase Mandate is approved by Shareholders to sell any Shares to the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will only exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

As at the Latest Practicable Date, Rayten Limited, the substantial Shareholder of the Company, held 163,748,000 Shares, representing approximately 42.1% of the issued share capital of the Company. The shareholding of Rayten Limited will be approximately 46.8% of the issued share capital of the Company if the Repurchase Mandate is fully exercised.

Should the Directors exercise in full the power to repurchase Shares, Rayten Limited would be obliged to make a mandatory general offer under Rule 26 of the Takeover Code. The Directors do not have the intention to exercise the power to repurchase Shares to an extent which would make Rayten Limited or any Shareholder or group of Shareholders to be obliged to make a mandatory offer under Rule 26 of the Takeover Code in this respect.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is approved by shareholders.

5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2004		
July*	–	–
August*	–	–
September*	–	–
October*	0.82	0.40
November	0.54	0.39
December	0.47	0.345
2005		
January	0.42	0.30
February	0.45	0.35
March	0.41	0.355
April	0.40	0.35
May	0.39	0.32
June	0.365	0.30
July	0.335	0.29

* The trading of Shares had been suspended from 26th February 2004 at the direction of the Stock Exchange and was resumed on 20th October 2004.

6. SHARE PURCHASES MADE BY THE COMPANY

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.



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

(Incorporated in Bermuda with limited liability)
(Stock Code: 1131)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of shareholders of Kwong Hing International Holdings (Bermuda) Limited will be held at Level 2, Ballroom B, Langham Hotel, Hong Kong, 8 Peking Road, Tsimshatsui, Kowloon, Hong Kong on Monday, 5th September, 2005 at 3:00 p.m. for the following purposes:

1. To receive and adopt the audited financial statements and the reports of Directors and Auditors for the year ended 31st March, 2005;
2. To re-elect Directors and authorize the Board of Directors to fix the Directors' remuneration;
3. To re-appoint Auditors and authorize the Board of Directors to fix their remuneration;
4. As special business, to consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:

A. **“THAT:**

- (a) subject to paragraph (c) of this Resolution, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall authorize the Directors of the Company during the Relevant Period (as defined below) to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period (as defined below);
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) of this Resolution otherwise than pursuant to (i)

a Rights Issue (as defined below); or (ii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company, or (iii) the exercise of rights of conversion or subscription under the terms of any securities which are convertible into shares of the Company or the share option scheme or similar arrangement of the Company for the time being adopted for the grant or issue to directors and/or employees of the Company and/or any its subsidiaries of shares or rights to acquire shares of the Company, shall not exceed the aggregate of: (aa) 20 percent of the aggregate nominal amount of the issued share capital of the Company in issue at the date of passing of this Resolution and (bb) if the Directors of the Company are so authorized by a separate ordinary resolution of the shareholders of the Company, the nominal amount of share capital of the Company purchased by the Company subsequent to the passing of this Resolution up to a maximum equivalent to 10 percent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and the said approval shall be limited accordingly; and

(d) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by Bermuda law or the Company’s Bye-laws to be held; and
- (iii) the revocation or variation of the approval given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

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

B. “THAT:

- (a) Subject to paragraph (b) of this Resolution, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to purchase shares in the capital of the Company be and is hereby generally and unconditionally approved;
- (b) The aggregate nominal amount of the shares of the Company which the Company is authorized to purchase pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution, and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by Bermuda law or the Company’s Bye-laws to be held; and
- (iii) the revocation or variation of the approval given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

- C. “THAT conditional upon the passing of Resolution no. 4B set out in the notice of this Meeting, the aggregate nominal amount of shares which are purchased by the Company pursuant to and in accordance with the said Resolution no. 4B shall be added to the aggregate nominal amount of the shares of the Company that may be allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by the Directors of the Company pursuant to and in accordance with Resolution no. 4A set out in the notice of this Meeting.”

By Order of the Board
Fung Chi Ki
Company Secretary

Hong Kong, 29th July, 2005

Notes:

- (1) A member entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- (2) To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notorially certified copy of that power of attorney or authority must be deposited with the Company's head office and principal place of business in Hong Kong at Units C-D, 8th Floor, Mai Shun Industrial Building, 18-24 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong, not less than 48 hours before the time appointed for holding this Meeting or adjourned meeting (as the case may be).
- (3) The Register of Members will be closed from Wednesday, 31st August, 2005 to Monday, 5th September, 2005 (both dates inclusive) during which period no transfer of shares can be registered. All transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong Share Registrar, Secretaries Limited at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 30th August, 2005.
- (4) In respect of Resolution 4A, the Directors of the Company have no immediate plans to issue any new shares. In accordance with the terms of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong, the general mandate lapses unless it is renewed at each Annual General Meeting.