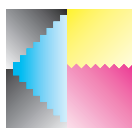

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

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)

Directors:

Mr. Li Man Ching
Ms. Li Mei Lin
Mr. Li Man Shun
Mr. Li Man Tak
Mr. Tsui Wing Yin*
Mr. Lau Chung Man, Louis*

Registered Office:

Clarendon House,
2 Church Street,
Hamilton, HM II,
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, 2003

To the Shareholders

Dear Sir or Madam,

PROPOSALS RELATING TO GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES

INTRODUCTION

Pursuant to the ordinary resolutions of the Company passed at the special general meeting held on 18th March, 2003, 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.

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.

In accordance with the terms of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong (the "Listing rules"), these general mandates will lapse at the conclusion of the forthcoming Annual General Meeting 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 Annual General Meeting of the Company to be held on Thursday, 28th August 2003 (the "Annual General Meeting") to approve new general mandates to allot, issue and deal with shares and to repurchase shares.

The purpose of this circular is to seek your approval of the ordinary resolutions to be proposed at the Annual General Meeting to approve the new general mandates to allot, issue and deal with shares and to repurchase shares and to provide you with information regarding the general mandates to issue shares and to repurchase shares. The notice of the Annual General Meeting is contained in the accompanying 2002/2003 Annual Report of the Company ("2002/2003 Annual Report").

GENERAL MANDATE 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 Annual General Meeting 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.

GENERAL MANDATE TO ISSUE SHARES

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 Annual General Meeting of the Company or any earlier date as referred to in paragraph (d) of such resolution.

ACTION TO BE TAKEN

Notice of the Annual General Meeting dated 18th July, 2003 is set out on pages 3 to 6 of the 2002/2003 Annual Report, 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 the general mandate to issue shares of the Company, the Repurchase Mandate is 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 Annual General Meeting.

Yours faithfully,
Li Man Ching
Chairman

1. SHARE CAPITAL

As at 25th July, 2003 (the latest practicable date prior to the printing of this circular), the issued share capital of the Company was 386,640,000 shares of HK\$0.10 each of the Company (“Shares”) and there were outstanding of share options entitling the holders thereof to subscribe for an aggregate of 19,332,000 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 Annual General Meeting, exercise in full of the Repurchase Mandate could accordingly result in up to 38,664,000 Shares being repurchased by the Company during the course of the period prior to the next annual general meeting.

3. 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, 2003) 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 and Mr Li Man Tak, the substantial shareholder of the Company, held 174,490,000 Shares, representing approximately 45.13% of the issued share capital of the Company. The shareholding of Rayten Limited and Mr Li Man Tak will be approximately 50.14% of the issued share capital of the Company if this general Mandate for repurchase is fully exercised.

Should the Directors exercise in full the power to repurchase Consolidated Shares, the substantial Shareholders would be obliged to make a mandatory general offer under Rule 26 of the Code. The Directors do not have the intention to exercise the power to repurchase Consolidated Shares to an extent which would make the substantial Shareholders or any Shareholder or group of Shareholders to be obliged to make a mandatory offer under Rule 26 of the 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 (after the adjustment of the effect of share consolidation in 19th March, 2003) were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2002		
July	0.41	0.27
August	0.34	0.26
September	0.39	0.32
October	0.49	0.33
November	2.40	0.46
December	1.20	0.66
2003		
January	0.72	0.46
February	0.67	0.45
March	0.74	0.60
April	0.76	0.60
May	0.94	0.62
June	1.05	0.86
July	1.30	0.86

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.