

NOTICE OF ANNUAL GENERAL MEETING

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 Wednesday, 25th August, 2004 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, 2004;
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);

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(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

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“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

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(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.”

5. To consider and, if thought fit, pass the following resolution as a Special Resolution:

THAT they Bye-Laws of the Company be altered by:

A. adding the following definitions to Bye-law 1:

“associate” shall have the meaning ascribed to it by the Listing Rules;

“Listing Rules” shall mean the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited as amended from time to time;

B. by replacing the definition of “clearing house” in Bye-law 1 with the following definition:

“clearing house” shall mean a recognized clearing house within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any amendments thereto or re-enactments thereof for the time being in force or a clearing house or authorized shares depository recognized by the laws of a Relevant Territory;

C. inserting in the first line of Bye-law 78, immediately after the words “At any general meeting”, the words “, subject to the Listing Rules,”;

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D. inserting in the first line of Bye-law 85, immediately after the words "Subject to", the words "Bye-law 86A and";

E. inserting after Bye-law 86 the following new paragraph:

"86A Where the Company is aware that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted."

F. deleting the existing paragraphs (B)(ii) and (iii) of Bye-law 109 and substituting the following new paragraphs:-

"(ii) A Director shall not vote or be counted in the quorum in respect of any contract or arrangement or proposal in which he or any of his associates has a material interest, and if he shall do so his vote shall not be counted, but this prohibition shall not apply to any or more of the following matters:

- (a) the giving to him or any of his associates of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself or any of his associates has assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (c) any contract or arrangement or proposal in relation to an offer or invitation of shares or debentures or other securities of or by the Company (or any other company which the Company may promote or be interested in) for subscription or purchase where he or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer or invitation;

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- (d) any contract or arrangement or proposal in relation to or concerning any other company in which he or his associate(s) is/are interested only, directly or indirectly, as an officer or executive or shareholder or in which he or his associate(s) is/are not in aggregate beneficially interested in five (5) per cent or more of any class of the issued shares or securities or of the voting rights of any class of issued shares of such company (or of any third company through which his interest or that of his associates is derived);
- (e) any contract or arrangement or proposal in relation to or concerning the benefit of employees of the Company or its subsidiaries including:
 - (I) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which he or his associate(s) may benefit; or
 - (II) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to the Directors, their associate(s) and employees of the Company or any of its subsidiariesand does not provide in respect of any Director or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates;
- (f) any contract or arrangement or proposal in which he or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (g) any contract for the benefit of employees of the Company or of any of its subsidiaries under which the Director or any of his associates benefits in a similar manner to the employees and which does not accord to any Director or any of his associates as such any privilege or advantage not accorded to the employees to whom the contract relates; and

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- (h) any contract for the purchase or maintenance for any Director or Directors of insurance against any liability.

For the purpose of this Bye-law 109(B)(ii), “subsidiary” shall have the meaning as defined in the Listing Rules.

- (iiA) A company shall be deemed to be a company in which a Director together with any of his associates owns five (5) per cent, or more of the issued shares of any class of the equity share capital of such company or of the voting rights of any class of shares of such company if and so long as (but only if and so long as) he together with his associates is (either directly or indirectly) the holder of or beneficially interested in five (5) per cent, or more of any class of the equity share capital of such company (or of any third company through which the interest of the Director or that of his associates is derived) or of the voting rights of any class of shares available to shareholders of the company. For the purpose of this paragraph there shall be disregarded any shares held by a Director or any of his associates as bare or custodian trustee and in which he and his associates have no beneficial interest, any shares comprised in a trust in which the interest of the Director or that of his associates is in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorized unit trust scheme in which the Director or any of his associates is interested only as a unit holder.

- (iiB) Where a company in which a Director together with any of his associates holds five (5) per cent, or more of any class of the equity share capital of such company or of the voting rights of any class of shares available to shareholders of such company is materially interested in a transaction, then that Director shall also be deemed materially interested in such transaction.

- (iii) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the Chairman) and any of his associates or as to the entitlement of any Director (other

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than such Chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the Chairman and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or interest of the Director and any of his associates concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the Chairman and any of his associates such question shall be decided by a resolution of the Board (for which purpose such Chairman shall not be counted in the quorum and shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such Chairman and any of his associates as known to him has not been fairly disclosed to the Board.

G. deleting the existing Bye-law 115 and substituting the following new Bye-law 115:

“115. No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been delivered to the Company at the Registration Office provided that the minimum length of the period during which such notices are given, shall be at least seven (7) days and that the period for lodgment of the notices shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven (7) days prior to the date of such meeting.”

By Order of the Board

Fung Chi Ki

Company Secretary

Hong Kong, 30th July, 2004

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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 notarially 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 Monday, 23rd August, 2004 to Wednesday, 25th August, 2004 (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 Friday, 20th August, 2004.
- (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.
- (5) An explanatory statement containing further details as regarding Resolutions 4A to 5 will be despatched to the shareholders shortly together with the annual report.