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If you are in doubt as to any aspect of 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 Kam Hing International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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KAM HING INTERNATIONAL HOLDINGS LIMITED

錦興國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2307)

**PROPOSAL FOR GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES**

AND

NOTICE OF ANNUAL GENERAL MEETING

A notice of annual general meeting of Kam Hing International Holdings Limited to be held at 10:00 a.m. on Monday, 23 May 2005 at Units 5-9, 8th Floor, Lucida Industrial Building, 43-47 Wang Lung Street, Tsuen Wan, New Territories, Hong Kong is set out on pages 10 to 13 of this circular. Whether or not you are able to attend the meeting in person, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company, Tricor Investor Services Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

29 April 2005

DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“Annual General Meeting”	the annual general meeting of the Company to be held at 10:00 a.m. on Monday, 23 May 2005 at Units 5-9, 8th Floor, Lucida Industrial Building 43-47 Wang Lung Street, Tsuen Wan, New Territories, Hong Kong or any adjournment thereof
“Articles”	the articles of association of the Company
“associates”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Kam Hing International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, and the securities of which are listed on the main board of the Stock Exchange
“connected person”	has the same meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its Subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	22 April 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a subsidiary for the time being of the Company within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) whether incorporated in Hong Kong or elsewhere and “Subsidiaries” shall be construed accordingly
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“%”	per cent.

LETTER FROM THE BOARD



KAM HING INTERNATIONAL HOLDINGS LIMITED

錦興國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2307)

Executive Directors:

Mr. Tai Chin Chun (*Chairman*)

Mr. Tai Chin Wen (*Vice-chairman*)

Ms. Cheung So Wan

Ms. Wong Siu Yuk

Independent non-executive Directors:

Mr. Chong Chau Lam

Ms. Chu Hak Ha, Mimi

Mr. Chan Yuk Tong

Registered office:

Century Yard

Cricket Square

Hutchins Drive

P.O. Box 2681 GT

George Town

Grand Cayman

British West Indies

*Head office and principal place
of business in Hong Kong:*

Units 5-9, 8th Floor

Lucida Industrial Building

Tsuen Wan

New Territories

Hong Kong

29 April 2005

To the Shareholders

Dear Sir/Madam

PROPOSAL FOR GRANT OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

AND

NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide the Shareholders with details regarding the proposed granting of general mandates to the Directors to issue and repurchase the Shares. Such proposals will be dealt at the Annual General Meeting.

LETTER FROM THE BOARD

GENERAL MANDATE

At the Annual General Meeting, separate ordinary resolutions will be proposed to grant the general mandates to the Directors (i) to allot, issue and otherwise deal with Shares not exceeding in aggregate 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of such resolution; (ii) to repurchase Shares comprising the aggregate nominal amount of which does not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of such resolution (the “**Repurchase Mandate**”); and (iii) to add the aggregate amount of the Shares repurchased by the Company to the general mandate to the Directors to allot new Shares of up to 20% of the issued share capital of the Company.

Resolution No. 5 sets out in the notice of Annual General Meeting will be proposed at the Annual General Meeting to grant the mandates to issue and repurchase Shares. With reference to these resolutions, the Directors wish to state that they have no present intention to repurchase any Shares or to issue any new Shares pursuant to the relevant mandates.

Under the Listing Rules, the Company is required to give to the Shareholders all information which is reasonably necessary to enable the Shareholders to make an informed decision as to whether to vote for or against the resolution to renew the grant to the Directors of the Repurchase Mandate. The explanatory statement required by the Listing Rules to be included in this circular is set out in the Appendix to this circular.

ANNUAL GENERAL MEETING

A notice of the Annual General Meeting is set out in this circular. At the Annual General Meeting, in addition to the ordinary business of the meeting, resolutions will be proposed to approve the general mandates for the issue and repurchase by the Company of its own Shares.

Details of the Directors who are proposed to be re-elected at the Annual General Meeting are set out on pages 14 to 17 of the annual report of the Company for the year ended 31 December 2004 and as follows:

Mr. Tai Chin Wen, aged 49, is the vice-chairman, executive Director and founder of the Group. He is in charge of the Group’s overall management. Mr. Tai has over 20 years of management experience in the manufacturing industry. Mr. Tai is a standing member of the Political Consultative Committee of Nan An City (中國人民政治協商會議南安市委員會會員) of the Fujian Province. He has also been awarded honorary citizenship of Guangzhou Municipal. Mr. Tai is the elder brother of Mr. Tai Chin Chun, the spouse of Madam Wong Siu Yuk and the brothers-in-law of Mr. Kung Wai Chung and Mr. Wong Yi Ming, both being members of the senior management of the Group. Save as disclosed above, Mr. Tai did not hold any other directorships in listed public companies during the past three years.

As at the Latest Practicable Date, Mr. Tai is deemed to be interested in 99,000,000 Shares within the meaning of Part XV of the SFO. Mr. Tai has entered into a service agreement with the Company for a fixed term of 3 years from 1 September 2004. Pursuant to the terms of the

LETTER FROM THE BOARD

service agreement, the term of Mr. Tai's appointment is subject to retirement and re-election at the Annual General Meeting in accordance with the Articles and his basic Director's remuneration of HK\$910,000 per annum is determined with reference to his role, level of experience and contribution to the Group. Save as disclosed above, Mr. Tai did not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company as at the Latest Practicable Date. Mr. Tai is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company.

Madam Cheung So Wan, aged 41, is an executive Director of the Group. She is responsible for yarn sourcing, quality control and stock control in the Group, and assists in the overall management of the Group. Madam Cheung joined the Group in November 1996 and has more than 10 years of experience in the textile industry. Madam Cheung is the spouse of Mr. Tai Chin Chun. Save as disclosed above, Madam Cheung did not hold any other directorships in listed public companies during the past three years.

As at the Latest Practicable Date, Madam Cheung is deemed to be interested in 388,000,000 Shares within the meaning of Part XV of the SFO. Madam Cheung has entered into a service agreement with the Company for a fixed term of 3 years from 1 September 2004. Pursuant to the terms of the service agreement, the term of Madam Cheung's appointment is subject to retirement and re-election at the Annual General Meeting in accordance with the Articles and her basic Director's remuneration of HK\$390,000 per annum is determined with reference to her role, level of experience and contribution to the Group. Save as disclosed above, Madam Cheung did not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company as at the Latest Practicable Date. Madam Cheung is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company.

A form of proxy for the Annual General Meeting is enclosed herewith. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete the form of proxy and return it to the Company's branch share registrar, Tricor Investor Services Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as practicable but in any event no later than 48 hours before the time appointed for holding the Annual General Meeting. The completion of a form of proxy will not preclude you from attending and voting at the Annual General Meeting in person should you so wish.

LETTER FROM THE BOARD

Pursuant to Article 66 of the Articles, every resolution submitted to a general meeting shall be determined on a show of hands in the first instance by the Shareholders present in person, but a poll may be demanded (before or upon the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) by the Chairman or by:

- (a) at least 3 Shareholders present in person or by proxy for the time being entitled to vote at the meeting; or
- (b) a Shareholder or Shareholders present in person or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (c) a Shareholder or Shareholders present in person 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.

RECOMMENDATION

The Directors believe that the Repurchase Mandate is in the interests of the Company and its Shareholders. The Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its net assets and/or earnings per Share and will only be made when the Directors believe that a repurchase of Shares will benefit the Company and its Shareholders.

Accordingly, the Directors recommend that all the Shareholders should vote in favour of the resolution regarding the grant of the Repurchase Mandate.

Yours faithfully,
For and on behalf of the Board of
Kam Hing International Holdings Limited
Mr. Tai Chin Chun
Chairman

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide all the information in relation to the Repurchase Mandate for your consideration.

1. LISTING RULES RELATING TO THE REPURCHASES OF SECURITIES

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their fully-paid shares on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(a) Shareholders' approval

All proposed purchase of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by the shareholders by an ordinary resolution, either by way of a general mandate or by a specific approval in relation to a specific transaction.

(b) Share capital

Under the Repurchase Mandate, the number of Shares that the Company may repurchase shall not exceed 10% of the aggregate nominal amount of its issued share capital at the date of the passing of the proposed resolution granting the Repurchase Mandate.

As at Latest Practicable Date, the Company has 640,000,000 Shares in issue. Subject to the passing of the proposed resolution for the grant of the Repurchase Mandate and on the basis that no Shares are issued or repurchased by the Company prior to the Annual General Meeting, the exercise of the Repurchase Mandate in full would result in up to 64,000,000 Shares being repurchased by the Company during the period prior to the next annual general meeting of the Company following the passing of the resolution referred to herein or the date upon which the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

(c) Reason for repurchase

The Directors believe that it is in the interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase securities of the Company on 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 the Shareholders.

(d) Funding of repurchase

In repurchasing securities, a company may only apply funds legally available for such purpose in accordance with its constitutive documents and the laws of the jurisdiction in which the company was incorporated.

As compared with the financial position of the Company as at 31 December 2004 (being the date of its latest audited accounts), the Directors consider that there would not be a material adverse impact on the working capital or gearing position of the Company if the Repurchase Mandate was to be exercised in full during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital or the gearing level (as compared with the position disclosed in its most recent published audited accounts) which in the opinion of the Directors are from time to time appropriate for the Company.

(e) Connected parties

None of the Directors nor, to the best knowledge having made all reasonable enquiries, any of their associates has any present intention to sell Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

At the Latest Practicable Date, no connected person 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 the Shareholders.

(f) Undertaking by Directors

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

(g) Takeovers Code

If as a result of a securities repurchase a Shareholder's proportionate interest in the voting rights of the repurchasing company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code.

As at the Latest Practicable Date, Mr. Tai Chin Chun, together with his respective associates, were beneficially interested in 384,000,000 Shares and Mr. Tai Chin Wen, together with his respective associates, were beneficially interested in 96,000,000 Shares, representing approximately 60% and 15% of the issued share capital of the Company respectively. In the event that the Directors exercise the Repurchase Mandate in full in accordance with the terms of the ordinary resolution to be proposed at the Annual General Meeting, the interests of Mr. Tai Chin Chun and Mr. Tai Chin Wen, together with their respective associates, in the Company would respectively be increased to approximately 66.67% and 16.67% of the issued share capital of the Company, which will not give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. Such increases would reduce the amount of Shares held by the public to less than 25% of the issued share capital of the Company. However, the Directors have no present intention to exercise the Repurchase Mandate to such an extent as would cause the shareholdings in public hands to fall below 25%.

2. SHARE REPURCHASE AND MARKET PRICES

During the six months preceding the date of this circular, no Shares have been repurchased or redeemed by the Company.

From September 2004, the month in which the Shares became listed on the Stock Exchange, to the month immediately preceding the date of this circular, the highest and lowest prices at which the Shares have been traded on the Stock Exchange were as follows:

Month	Per Share	
	Highest (HK\$)	Lowest (HK\$)
2004		
September (<i>note 1</i>)	HK\$1.34	HK\$1.19
October	HK\$1.34	HK\$1.21
November	HK\$1.63	HK\$1.28
December	HK\$1.56	HK\$1.32
2005		
January	HK\$1.55	HK\$1.32
February	HK\$1.59	HK\$1.30
March	HK\$1.50	HK\$1.37
April (<i>note 2</i>)	HK\$1.40	HK\$1.34

Notes:

1. Dealings in the Shares on the Stock Exchange commenced on 23 September 2004.
2. As up to the Latest Practicable Date.

NOTICE OF ANNUAL GENERAL MEETING



KAM HING INTERNATIONAL HOLDINGS LIMITED

錦興國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2307)

NOTICE IS HEREBY GIVEN that the annual general meeting of Kam Hing International Holdings Limited (the “**Company**”) will be held at Units 5-9, 8th Floor, Lucida Industrial Building, 43-47 Wang Lung Street, Tsuen Wan, New Territories, Hong Kong on Monday, 23 May 2005 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the directors and the auditors for the year ended 31 December 2004.
2. To declare a final dividend for the year ended 31 December 2004.
3. To re-elect directors and to authorise the board of directors to fix the directors’ remuneration.
4. To re-elect auditors and to authorise the board of directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

A. “**THAT:**

- (a) subject to paragraph (c), the exercise by the directors of the Company during the Relevant Period 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 might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (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), otherwise than pursuant to (i) a Rights Issue; (ii) the exercise of the subscription rights or conversion under the terms of any warrants issued by the

NOTICE OF ANNUAL GENERAL MEETING

Company or any securities which are convertible into shares of the Company; (iii) any share option scheme or similar arrangement for the time being adopted by the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iv) any scrip dividend on shares of the Company in accordance with the articles of association of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution; and

(d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier 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 by the articles of association of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or any class thereof (subject to such exclusion 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 of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).

B. **“THAT:**

- (a) subject to paragraph (c), the exercise by the directors of the Company during the Relevant Period of all powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited, and that the exercise by the directors of all the powers of the Company to repurchase such shares, subject to and in accordance with all applicable laws or the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, be and is hereby generally and unconditionally approved;
- (b) in addition, the approval in paragraph (a) shall authorise the directors on behalf of the Company during the Relevant Period to procure the Company to purchase its shares at a price determined by the directors of the Company;

NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate nominal amount of shares repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution, and the authority pursuant to paragraph (a) 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 earlier 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 by the articles of association of the Company or any applicable law to be held; and
 - (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
- C. “**THAT** conditional upon the passing of resolutions no. 5A and 5B as set out in the notice convening the meeting of which this resolution forms part, the aggregate nominal amount of the shares in the capital of the Company which are repurchased by the Company pursuant to and in accordance with the said resolution no. 5B shall be added to the aggregate nominal amount of the shares in the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to and in accordance with resolution no. 5A as set out in the notice convening the meeting of which this resolution forms part.”

By Order of the Board
Mr. Wong Wai Kong, Elmen
Company Secretary

Hong Kong, 29 April 2005

Notes:

1. With respect to Resolution no. 3 above, Mr. Tai Chin Wen and Madam Cheung So Wan will retire from office at the above meeting pursuant to the articles of association of the Company and, being eligible, will offer themselves for re-election at the above meeting.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorised to sign the same.
3. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his/her stead. A proxy needs not be a member of the Company.

NOTICE OF ANNUAL GENERAL MEETING

4. In order to be valid, the form of proxy must be lodged at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong together with a 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, not less than 48 hours before the time for holding the meeting or any adjourned meeting.
5. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
6. Where there are joint holders of any shares in the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
7. The register of members of the Company will be closed from 18 May, 2005 to 23 May, 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend to be approved at the general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong not later than 4:00 p.m., 17 May, 2005.