

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, 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 announcement.*



# **Kwong Hing International Holdings (Bermuda) Limited**

**廣興國際控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1131)**

## **ANNOUNCEMENT**

On 25 February 2004, Mr. Li Man Tak, a former executive Director, and another executive Director were arrested by the ICAC for alleged conspiracy in relation to suspected share price manipulation. Also arrested by the ICAC was an executive director of South Season, a 70% owned subsidiary of the Company. The Former Director was subsequently charged for three counts of conspiracy to offer advantages to an agent and to cause such agent to purchase and hold Shares. The Former Director resigned as an executive Director with effect from 31 May 2004. The other two persons who had been arrested were released by the ICAC on a non-prejudicial basis.

On 26 February 2004, the officers of the ICAC have entered and searched the head office and principal place of business of the Company in Hong Kong at Units C-D, 8th Floor, Mai Shun Industrial Building, 18-24 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong, and the head office of South Season in Hong Kong at Rooms 903-904, East Ocean Centre, 98 Granville Road, Tsimshatsui East, Kowloon, Hong Kong. During the Search, certain documents belonging to and/or in the possession of the Group, including without limitation, the accounting records and ledgers of the Group were seized by the officers of the ICAC for assisting the investigation by the ICAC.

The Former Director is the brother of Mr. Li Man Ching, Ms. Li Mei Lin and Mr. Li Man Shun, three of the executive Directors. Following the resignation, the Former Director remains interested in 24% equity interest in Rayten Limited, the controlling shareholder interested in approximately 42.14% of the issued share capital of the Company as at the date hereof. The Former Director also resigned as a director of Rayten Limited on 31 May 2004. The balance of the equity interests in Rayten Limited is held as to 27% by Mrs. Li, as to 25% by Ms. Li Mei Lin, an executive Director and as to the balance of 24% by Mr. Li Man Shun, an executive Director. Apart from the shareholding interests as stated above, the Former Director does not have any other direct or indirect interest or influence over the management of the Group.

All the Directors confirm that as at the date of this announcement, the Group does not have any significant outstanding borrowings and trade debts. Accordingly, all the Directors consider that the Group has sufficient working capital for its present operation and do not foresee any financial difficulties of the Group.

The auditors of the Group, Deloitte Touche Tohmatsu, have rendered an unqualified opinion on the audited financial statements of the Group for the year ended 31 March 2004 which reported a net profit of approximately HK\$33 million, representing an increase of approximately 52% from the last financial year.

The Directors (including the independent non-executive Directors) have met regularly since the Incident to discuss the development of the matter and the effect brought about by the Incident including the Search and the investigation by the ICAC. All the Directors have been closely monitoring the operation of the Group since the Incident.

It is clear from the press releases of the ICAC made on 27 February 2004 and 2 June 2004 that the Former Director was alleged to be involved in such investigation in his personal capacity.

In particular, the Directors wish to stress that such press releases have not mentioned or suggested the investigation relates to the Group or its daily operations or financial aspects, or the bribes or advantages involved in the case were offered by the Group, directly or indirectly.

The Directors also consider that: (i) the laying of the charge for conspiracy against the Former Director but not the Group or any other Directors; (ii) the charge of conspiracy was laid against the Former Director some four months after the Incident while during such period the other two persons arrested had been released by the ICAC and no further action has been taken by the ICAC against the Group after the Search; and (iii) the return by the ICAC of the majority of the documents and records seized during the Search, provides clear and circumstantial evidence that the case relates only to the Former Director and his alleged personal wrongdoings. **As such, the Directors are convinced that the Company and the Directors other than the Former Director has no involvement in the alleged corruption in relation to suspected share price manipulation.**

**Since the Incident including the Search and the investigation by the ICAC does not relate to the day to day operations of the Group nor its management, all the Directors consider that the Incident including the investigation by the ICAC and the Search currently does not bring about any material adverse effect on the operation or management of the Group.**

**The Company will make further announcements and keep the shareholders and investors of the Company informed of any material development of the Incident including the Search and the investigation by the ICAC.**

**Despite the Incident including the Search and the investigation by the ICAC, the Group remains in normal operation.**

The Directors note the general upward trend in the share prices of the listed issuers in the same clothing, textiles and fabrics sector of the Stock Exchange as the Company during the period commencing from July 2003 to February 2004, being the period of the alleged offences against the Former Director. The Directors are not in a position to comment on whether there was a false market of the Shares at all times during such period.

At the direction of the Stock Exchange, trading in the Shares has been suspended with effect from 9:49 a.m. on 26 February 2004. Application has been made to the Stock Exchange for the resumption of trading in the Shares at 9:30 a.m. on 20 October 2004.

**Shareholders and investors are advised to exercise extreme caution in dealing in the Shares.**

## INVESTIGATION

On 25 February 2004, Mr. Li Man Tak, a former executive Director, and another executive Director were arrested by the ICAC for alleged conspiracy in relation to suspected share price manipulation. Also arrested by the ICAC was an executive director of South Season, a 70% owned subsidiary of the Company.

On 26 February 2004, the officers of the ICAC have entered and searched the head office and principal place of business of the Company in Hong Kong at Units C-D, 8th Floor, Mai Shun Industrial Building, 18-24 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong, and the head office of South Season in Hong Kong at Rooms 903-904, East Ocean Centre, 98 Granville Road, Tsimshatsui East, Kowloon, Hong Kong. During the Search, certain documents belonging to and/or in the possession of the Group, including without limitation, the accounting records and ledgers of the Group were seized by the officers of the ICAC for assisting the investigation by the ICAC.

The Former Director was subsequently charged for three counts of conspiracy to offer advantages to an agent and to cause such agent to purchase and hold Shares. The other two persons who had been arrested were released by the ICAC on a non-prejudicial basis, which means that they are still subject to investigation by the ICAC and the ICAC reserves the rights to seek for their further assistance in the investigation.

The Former Director has resigned as an executive Director with effect from 31 May 2004. Prior to his resignation, the Former Director was responsible for the local sales and marketing of the Group.

**The Former Director is the brother of Mr. Li Man Ching, Ms. Li Mei Lin and Mr. Li Man Shun, three of the executive Directors. Following the resignation, the Former Director remains interested in 24% equity interest in Rayten Limited, the controlling shareholder interested in approximately 42.14% of the issued share capital of the Company as at the date hereof. The Former Director also resigned as a director of Rayten Limited on 31 May 2004. The balance of the equity interests in Rayten Limited is held as to 27% by Mrs. Li, as to 25% by Ms. Li Mei Lin, an executive Director and as to the balance of 24% by Mr. Li Man Shun, an executive Director. Apart from the shareholding interests as stated above, the Former Director does not have any other direct or indirect interest or influence over the management of the Group.**

Since the other persons who had been arrested were released by ICAC, the Board (other than the executive Director who was released by the ICAC) unanimously consider and resolve that the executive Director and the South Season Director who were released by the ICAC should continue to perform their duties.

The local sales and marketing functions previously performed by the Former Director has been segregated and taken up by Ms. Li Mei Lin, an executive Director and the deputy chairman of the Company and Mr. Kwan Chui Shui, the general sales manager of the Group.

Ms. Li Mei Lin is a co-founder of the Group. She has over ten years' experience in the textiles industry. Mr. Kwan Chui Shui is the general sales manager of the Group. He has over ten years' experience in the textiles industry. He holds a certificate in textiles (knitting technology) from The Vocational Training Council, and a professional certificate in Business Management from The Open University of Hong Kong. Mr. Kwan joined the Group in 1991.

The chairman of the Company, Mr. Li Man Ching is responsible for the overseas sales and marketing functions of the Group. Mr. Li Man Shun, an executive Director, is responsible for the production and manufacturing activities of the Group. Ms. Li Mei Lin is also responsible for the procurement functions of the Group and co-headed the finance and administration functions of the Group with Mr. Fung Chi Ki who is an executive Director.

Mr Li Man Ching has also been entrusted with responsibilities to oversee the operations of the Group.

Given the extensive experience of Mr Kwan Chui Shui and the executive Directors in the clothing, textiles and fabrics industry and their thorough understanding and acquaintance of the business and operations of the Group, the Directors consider that such further segregation of functions does not and will not have any material and adverse effect on the operations of the Group. The Directors also consider that no additional resources would be required at present as a result of such further segregation of functions of the management of the Group. As explained below, the Directors have been closely monitoring the operations of the Group since the Incident and will consider allocating more resources of the Group to its management as and when they consider appropriate.

The Directors confirm and state that they have not and the Group has not, offered any bribes or advantages of any kind to any person, firm or corporation and to cause such person, firm or corporation to purchase and hold Shares.

All documents (including cheques payment vouchers) signed and executed by the Former Director on behalf of the Group during the year ended 31 March 2004 have been retrieved by the other Directors and made available to the auditors of the Group for checking during the audit of the Group's financial statements for the year ended 31 March 2004. No abnormalities or discrepancies have been detected or identified by the auditors during such checks.

Transaction or a series of transactions of the Group with monetary value of over HK\$300,000 recorded on any single payment entry have been subjected to the audit procedures of the auditors of the Group during their audit of the Group's financial statements for the year ended 31 March 2004. No abnormalities or discrepancies have been detected or identified by the auditors.

The auditors of the Group have considered the results of these audit procedures in arriving at the audit conclusion as expressed in its auditors' report dated 23 July 2004. However, because the audit procedures were not specifically designed to discover abnormalities or discrepancies of transactions in the given situation, there may be abnormalities or discrepancies undiscovered by these audit procedures.

**Deloitte Touche Tohmatsu, the auditors of the Group, have fully taken into account the Incident in determining their audit approach and steps for auditing the financial statements of the Group for the year ended 31 March 2004.**

**Deloitte Touche Tohmatsu have:**

- (i) completed the audit of the Group's financial statements for the year ended 31 March 2004 within the time frame prescribed by the Listing Rules; and
- (ii) rendered an unqualified opinion on the audited financial statements of the Group for the year ended 31 March 2004 which reported a net profit of approximately HK\$33 million (representing an increase of approximately 52% from the last financial year) and net assets of approximately HK\$392 million.

## Kwong Hing International Holdings (Bermuda) Limited

The findings of the audit further reinforce the fact that the bribes and monetary advantages involved in the case against the Former Director was not funded or provided by the Group. No weakness in the internal control systems of the Group have been reported by the auditors during their audit for the financial statements of the Group for the year ended 31 March 2004.

Pursuant to Rules 13.46(1) and 13.49(1) of the Listing Rules, the audited annual results of the Group for the financial year ended 31 March 2004 have been released on 23 July 2004 and the annual report of the Company for the financial year ended 31 March 2004 has been despatched on 30 July 2004.

It is clear from the press releases of the ICAC made on 27 February 2004 and 2 June 2004 that the Former Director was alleged to be involved in such investigation in his personal capacity.

In particular, the Directors wish to stress that such press releases have not mentioned or suggested the investigation relates to the Group or its daily operations or financial aspects, or the bribes or advantages involved in the case were offered by the Group, directly or indirectly.

The Directors also consider that (i) the laying of the charge for conspiracy against the Former Director but not the Group or any other Directors; (ii) the charge of conspiracy was laid against the Former Director some four months after the Incident while during such period the other two persons arrested had been released by the ICAC and no further action has been taken by the ICAC against the Group after the Search; and (iii) the return by the ICAC of the majority of the documents and records seized during the Search, provides clear and circumstantial evidence that the case relates only to the Former Director and his alleged personal wrongdoings. **As such, the Directors are convinced that the Company and the Directors other than the Former Director has no involvement in the alleged corruption in relation to suspected share price manipulation.**

**Since the Incident including the Search and the investigation by the ICAC does not relate to the day to day operations of the Group nor its management, all the Directors consider that the Incident including the investigation by the ICAC and the Search currently does not bring about any material adverse effect on the operation or management of the Group.**

**The Company and the Directors other than the Former Director have not authorised and will not condone, any share price manipulation or false trading of the Shares and strongly refute any suggestion of the participation of such activities by the Company or the Directors.**

The Directors note the general upward trend in the share prices of the listed issuers in the same clothing, textiles and fabrics sector of the Stock Exchange as the Company during the same period. The Directors are not in a position to comment on whether there was a false market of the Shares at all times during such period.

The Directors wish to state that neither the Company nor the controlling shareholder of the Company, Rayten Limited has obtained any benefit from such increase in share price. During the period commencing from July 2003 to February 2004, being the period of the alleged offences against the Former Director, the Company has not raised any new funds from the market by issuing new Shares or by issuing other securities or derivatives which are exchangeable or convertible into Shares. Neither did the controlling shareholder of the Company, Rayten Limited obtained any benefit from such increase. At all material times, Rayten Limited has not disposed of or encumbered any of the Shares it held in the Company.

**Shareholders and investors are advised to exercise extreme caution in the dealings of the Shares.**

### OPERATIONS OF THE GROUP

On 26 February 2004, the officers of the ICAC have entered and searched the head office and principal place of business of the Company in Hong Kong at Units C-D, 8th Floor, Mai Shun Industrial Building, 18-24 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong, and the head office of South Season in Hong Kong at Rooms 903-904, East Ocean Centre, 98 Granville Road, Tsimshatsui East, Kowloon, Hong Kong. During the Search, certain documents belonging to and/or in the possession of the Group, including without limitation, the accounting records and ledgers of the Group were seized by the officers of the ICAC for assisting the investigation by the ICAC.

**As stated above, the Directors and the senior management of the Group are still in charge of the Group's business and are all performing their duties as usual. Despite the Incident including the Search and the investigation by the ICAC, the Group remains in normal operation. Since the Group has back-up copies of the accounting records and ledgers seized by ICAC during the Search, all the Directors do not consider the seizure of those accounting records and ledgers to have any material adverse effect on the operation of the Group.**

**The Board currently consists of four executive Directors and three independent non-executive Directors. One of the executive Directors is stationed in the United States of America, another executive Director is stationed in the PRC and the remaining executive Directors are stationed in Hong Kong.**

## Kwong Hing International Holdings (Bermuda) Limited

**As at the date of this announcement, other than the resignation of the Former Director which took effect from 31 May 2004, none of the Directors (including the independent non-executive Directors) have tendered resignation or have indicated intention to resign.**

### **SHAREHOLDING INTERESTS HELD BY THE DIRECTORS**

Rayten Limited is the single largest shareholder of the Company holding 163,748,000 Shares, representing approximately 42.14% of the issued share capital of the Company as at the date hereof. Rayten Limited has not mortgaged, pledged, charged or otherwise created any options, third parties rights or encumbrances of whatever nature over any of its 163,748,000 Shares.

The issued share capital of Rayten Limited is owned as to 25% by Ms. Li Mei Lin, as to 24% by Mr. Li Man Shun, as to 24% by the Former Director and as to the remaining 27% by Ms. Kwan Sau Chong ("Mrs. Li"), the mother of Ms. Li Mei Lin, Mr. Li Man Shun and the Former Director. Mr. Li Man Shun and Ms. Li Mei Lin are executive Directors. The Former Director has resigned with effect from 31 May 2004. None of the shareholders of Rayten Limited, namely the Former Director, Mr. Li Man Shun, Ms. Li Mei Lin and Mrs. Li, have mortgaged, pledged, charged or otherwise created any options, third parties rights or encumbrances of whatever nature over any of their respective shareholding interests in Rayten Limited.

In addition to the shareholding interests in the Company held through Rayten Limited, the Former Director also owns 16,037,000 Shares, representing approximately 4.13% of the issued share capital of the Company as at the date hereof. The Former Director has not mortgaged, pledged, charged or otherwise created any options, third parties rights or encumbrances of whatever nature over any of his 16,037,000 Shares.

The Former Director and Ms. Li Mei Lin were also granted options under the Share Option Scheme, entitling each of them to subscribe for 1,500,000 Shares at an exercise price of HK\$1.62 per Share during the period from 17 September 2003 to 16 September 2006. All the options granted to the Former Director were cancelled on 14 July 2004. As at the date hereof, Ms. Li Mei Lin has not exercised any options granted to her under the Share Option Scheme. Mr. Fung Chi Ki, an executive Director, was also granted options under the Share Option Scheme entitling him to subscribe for 3,866,400 Shares at an exercise price of HK\$0.51 per Share during the period from 2 November 2002 to 1 November 2012. In August 2003, Mr. Fung exercised part of the options granted to him for the subscription of 1,933,200 Shares. As at the date hereof, the remaining options granted to Mr. Fung entitling him to subscribe for 1,933,200 Shares remain unexercised. None of Ms. Li Mei Lin and Mr. Fung Chi Ki has mortgaged, pledged, charged or otherwise created any options, third parties rights or encumbrances of whatever nature over any of the options granted to him/her under the Share Option Scheme.

### **FINANCIAL POSITION OF THE GROUP**

**Based on the annual results of the Group for the financial year ended 31 March 2004, the Group recorded a turnover of approximately HK\$540 million and net profit after taxation and minority interests of approximately HK\$33.6 million. The net profit for the year ended 31 March 2004 represent 52% increase compared to previous financial year. As at 31 March 2004, the audited consolidated net asset value and the audited consolidated net current assets of the Group were approximately HK\$391.9 million and approximately HK\$225.6 million respectively. As at 31 March 2004, the Group has short-term investments of approximately HK\$8.6 million in high grade equity securities investments. As at 31 March 2004, the total amount of cash on hand of the Group was approximately HK\$26.9 million.**

The Group will continue to obtain trust receipt loans from its bankers during its ordinary course of business. All the Directors confirm that the Group is able to settle such trust receipt loans when they fall due. As for trade debts, the suppliers of the Group usually grant up to 120 days credit to the Group and all the Directors also consider that the Group is able to settle the trade debts when they fall due.

**All the Directors confirm that as at the date of this announcement, the Group does not have any significant outstanding borrowings and trade debts. Accordingly, all the Directors consider that the Group has sufficient working capital for its present operation and do not foresee any financial difficulties of the Group. The Board believes that the Group's sound and healthy financial position gives the Group a strong footing to face the highly competitive business environment and explore any attractive business development opportunities.**

**The Directors also confirm that there has not been any material adverse change in the financial or trading position of the Group since 31 March 2004, the date to which the latest audited financial statements of the Group were made up.**

## INTERNAL CONTROL SYSTEM AND CORPORATE GOVERNANCE OF THE GROUP

The Directors wish to draw the attention of the shareholders and the investors of the Company the following aspects of internal control system and corporate governance of the Group:

Since the Incident, the Directors have met regularly to discuss the development of the incidence and the effect brought about by the Incident including the Search and the investigation by the ICAC. During the period commencing from the Incident to the date of this announcement, 28 meetings of the Board have been held, over 26 of which have been attended by all or the majority of the independent non-executive Directors. Meetings of the Board were held once a week in March 2004 and once in every two weeks since April 2004. All the Directors have been closely monitoring the operation of the Group. At such meetings of the Board, the Directors were updated with the latest financial and trading position of the Group to ensure that the contingent situation of the Group is monitored and supervised to the fullest possible extent.

Amongst other things, issues relating to:

- (a) the assessment of the impact of the Case on the Group and the formulation of contingency measures in response thereto;
  - (b) the status of repayment of the debts and liabilities of the Group;
  - (c) the status of collection of the accounts receivables of the Group;
  - (d) the cash position and working capital projections of the Group; and
  - (e) the sales trend and general performance of the Group,
- have been regularly brought up at such meetings.

During the same period, three meetings of the Audit Committee have also been held to discuss issues relating to the compliance and internal control of the Group in light of the Incident and the audit approach for the audit of the Group's financial statements for the year ended 31 March 2004 and the findings of the auditors in their audit of such financial statements in light of the Incident.

As stated above, the auditors of the Group, Deloitte Touche Tohmatsu have:

- (i) managed to complete the audit of the Group's financial statements for the year ended 31 March 2004 within the time frame prescribed by the Listing Rules; and
- (ii) rendered an unqualified opinion on the audited financial statements of the Group for the year ended 31 March 2004 which as stated above, reported a net profit of approximately HK\$33 million (representing an increase of approximately 52% from the last financial year) and net assets of approximately HK\$392 million.

To stabilise the Group's business relationship with its customers, creditors and suppliers and to restore their confidence in dealing with the Group, the Company has organised a site visit for its customers, creditors, suppliers and independent non-executive Directors to visit and inspect the Group's production facilities in the PRC. All the Directors attending the site visit were satisfied that the production facilities were in normal operation.

As part of their efforts to strengthen the management and corporate governance of the Group, the Directors have sought advice on the measures and steps which may be taken by the Group to further strengthen its corporate governance from its auditors, its principal banker and its legal advisers. Recommendations put forward by such outside parties have been thoroughly discussed and deliberated at the meetings of the Board.

The Directors have also resolved to establish the Compliance Committee which comprises the three independent non-executive Directors, namely Mr. Tsui Wing Yin, Mr. Lau Chung Man, Louis and Mr. So Kin Wah, the chief accountant of the Group, namely Ms. Tang Shuk Yi and the general sales manager of the Group, namely Mr. Kwan Chui Shui.

The Compliance Committee meet regularly to review and advise the Company on its compliance with the Listing Rules and other laws, regulations and codes in light of the transactions entered into by the Group. Mr Lau Chung Man, Louis has been appointed as the chairman of the Compliance Committee. Meetings of the Compliance Committee shall be held at least once every month in the first year of its establishment and once in every three months thereafter.

The principal duty of the Compliance Committee is to review and advise the Company on its compliance with the Listing Rules and other laws, regulations and codes in light of the transactions entered into by the Group. On 25 September 2004, the first meeting of the Compliance Committee has been held to discuss in detail the impact of the new amendments to the Listing Rules on the operations and management of the Group.

# Kwong Hing International Holdings (Bermuda) Limited

Taking into account of the above, the Directors consider that the Group has a reliable internal control system and the existing internal control system is sufficient to reveal any material abnormalities and discrepancies and to ensure compliance by the Group with the relevant laws and rules and as such, the Directors do not consider any further review of its internal control systems to be necessary.

## GENERAL

The Directors have met regularly since the Incident to discuss the development of the matter and the effect brought about by the Incident including the Search and the investigation by the ICAC. All the Directors have also been closely monitoring the operation of the Group. The Company and the Directors other than the Former Director has no involvement in the alleged corruption in relation to suspected share price manipulation. Since the Incident including the Search and the investigation by the ICAC does not relate to the day to day operations of the Group nor its management, all the Directors consider that the Incident including the investigation by the ICAC and the Search currently does not bring about any material adverse effect on the operation or management of the Group.

The Company will make further announcements and keep the shareholders and investors of the Company informed of any material development of the Incident including the Search and the investigation by the ICAC.

## RESUMPTION OF TRADING

At the direction of the Stock Exchange, trading in the Shares has been suspended with effect from 9:49 a.m. on 26 February 2004. Application has been made to the Stock Exchange for the resumption of trading in the Shares at 9:30 a.m. on 20 October 2004.

**Shareholders and investors are advised to exercise extreme caution in dealings in the Shares.**

As at the date of this announcement, Mr. Li Man Ching, Ms. Li Mei Lin, Mr. Li Man Shun and Mr. Fung Chi Ki are the executive Directors and Mr. Tsui Wing Yin, Mr. Lau Chung Man, Louis and Mr. So Kin Wah are the independent non-executive Directors.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“Company”	Kwong Hing International Holdings (Bermuda) Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Compliance Committee”	the compliance committee of the Board
“Directors”	the directors of the Company
“Former Director”	Mr. Li Man Tak, a former executive Director
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ICAC”	the Independent Commission Against Corruption
“Incident”	together, the Search and the arrest by the ICAC of the Former Director, an executive Director and the South Season Director, which happened on 26 February 2004
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Search”	the search of the head office and principal place of business of the Company in Hong Kong and the head office of South Season in Hong Kong by the officers of the ICAC on 26 February 2004
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

# Kwong Hing International Holdings (Bermuda) Limited

“Share Option Scheme”	the share option scheme adopted by the Company on 28 August 2002 entitling the holders thereof to subscribe for Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“South Season”	South Season Industrial Company Limited, a 70% owned subsidiary of the Company
“South Season Director”	an executive director of South Season who had been arrested by the ICAC on 25 February 2004 and was subsequently released
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong

By order of the board of directors of  
**Kwong Hing International Holdings (Bermuda) Limited**  
**Li Man Ching**  
*Chairman*

Hong Kong, 18 October 2004

\* *for identification purpose only*

Please also refer to the published version of this announcement in International Herald Tribune dated 20 October 2004.