



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)

ANNOUNCEMENT
ACQUISITION OF AN EXPLORATION RIGHT
IN
THE GUANGXI ZHUANG AUTONOMOUS REGION, THE PRC

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

The Board is pleased to announce that on 28 November 2007, KH Mining and the Transferor entered into the Transfer Agreement, pursuant to which the Transferor has agreed to transfer its contractual right in the Exploration Licence to KH Mining at a cash consideration of RMB2 million.

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THE TRANSFER AGREEMENT

Date:	28 November 2007
Parties	
Transferor:	貴港市貓兒山石柱江碼頭 (Guigang City Mao Er Shan Shi Zhu Jiang Pier*)
Transferee:	KH Mining, an indirect wholly-owned subsidiary of the Company To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, each of the Transferor and its ultimate beneficial owner is an Independent Third Party, and has no prior business relationship with the Group.
Assets to be transferred:	The exploration licence and the right to conduct exploration work for the zinc resources over the Shipai Mine. Further information on the Exploration Licence and the Shipai Mine are set out in the paragraph headed “Information on the Shipai Mine” below.
Consideration:	The consideration of the transfer of the Exploration Licence is RMB2 million, which will be payable by KH Mining in cash upon Completion. The consideration was reached after arm’s length negotiations between the parties to the Transfer Agreement and was determined after taking into account the possible zinc ore bodies as stated in the report prepared by Guangxi Geology Team. The Directors (including independent non-executive Directors) consider that the consideration is fair and reasonable.
Conditions precedent:	Completion is subject to the fulfillment of the following conditions: (1) KH Mining having obtained a legal opinion issued by a PRC law firm in respect of the legality and validity of the transfer of the Exploration Licence to KH Mining, in such form and substance to the satisfaction of KH Mining; (2) if required, the passing of the necessary resolutions by the Shareholders at a general meeting of the Company approving the Transfer Agreement and the transactions contemplated thereunder; (3) the receipt of the Exploration Licence issued in the name of KH Mining or its nominee(s); and (4) all necessary consents, approval and authorization for the transfer of the Exploration Licence having been obtained. KH Mining has the right to waive condition (1) above. If the above conditions precedent have not been fulfilled in full (or, where applicable, waived by KH Mining) by on or before 27 December 2007 or such other date as the KH Mining may agree, the Transfer Agreement shall lapse and be terminated. Completion shall take place immediately upon fulfillment of the above conditions precedent.

INFORMATION ON THE SHIPAI MINE

The Shipai Mine is located in 30 kilometers to the southwest of Guiping City in the Guangxi Zhuang Autonomous Region, the PRC covering an exploration area of approximately 20.5 sq. km.

As advised by the Transferor, the Transferor has entered into an agreement to acquire the Exploration Licence from Guangxi Geology Team in October 2007 and is currently the beneficial owner of the Exploration Licence. In view of the entering into of the Transfer Agreement, the Transferor will arrange to transfer the Exploration Licence in the name of KH Mining (or its nominee(s)) directly before Completion.

The Exploration Licence was granted for an initial exploration period expiring on 1 July 2009. As advised by the Company’s PRC legal advisers, the exploration period may be further extended. Based on a report prepared by Guangxi Geology Team, the Shipai Mine has been identified as an area having ore bodies which contain zinc mineral deposits. Upon Completion, KH Mining will appoint Guangxi Geology Team to commence the relevant exploration work over the Shipai Mine so as to ascertain the possible resources contained thereunder. In the event that the results of the exploration work are satisfactory, KH Mining shall proceed to compile the exploration report and apply for the granting of the relevant mining licence for the Shipai Mine. Moreover, in consideration of the introduction of the Shipai Mine to KH Mining, pursuant to the terms of the Transfer Agreement, KH Mining has agreed to share with the Transferor 10% of the net profit after taxation of KH Mining inspect of the Shipai Mine (the “Profit Sharing Arrangement”).

REASONS FOR THE ENTERING INTO OF THE TRANSFER AGREEMENT

The Group is currently engaged in the manufacture and sale of finished knitted fabrics. It is always the Group’s strategy to look into the opportunity of other business for diversification and exploring more investment to offer further growth of the Company. The Company will continue with its existing business following the transaction contemplated under the Transfer Agreement and the Company plans to recruit an expert in the mining industry and/or an individual with relevant qualification and experience in mining to oversee the Group’s exploration and mining business.

The Directors consider that the Company may broaden its source of income by diversifying into the exploration and mining of natural resources. The Directors anticipate that the demand for zinc will remain to be strong in the foreseeable future given the continuous economic growth in the PRC. The Directors therefore believe that the acquisition of the Exploration Licence would provide the Group with a good opportunity to diversify into the zinc exploration and mining business which possesses considerable future prospects.

In view of the above, the Directors (including independent non-executive Directors) consider that terms of the Transfer Agreement (including the Profit Sharing Arrangement) which have been negotiated on an arm’s length basis and on normal commercial terms, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole are concerned.

GENERAL

Based on the published financial results of the Company and the Company’s present market capitalisation, the transaction contemplated under the Transfer Agreement does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have meanings as set out below when used herein:

“Board”	the board of Directors
“Company”	Kam Hing International Holdings Limited (錦興國際控股有限公司), a company incorporated in the Cayman Islands with limited liability and whose issued Shares are listed on the Stock Exchange
“Completion”	completion of the Transfer Agreement
“Directors”	the directors, including non-executive directors and independent non-executive directors, of the Company from time to time
“Exploration Licence”	the exploration licence covering a permitted exploration area of about 20.50 sq. km. and the right to conduct exploration work for the zinc resources over the Shipai Mine
“Group”	the Company and its subsidiaries
“Guangxi Geology Team”	廣西壯族自治區第六地質隊 (The Sixth Geology Team of the Guangxi Zhuang Autonomous Region*)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) (including its/their ultimate beneficial owner) which to the Directors’ knowledge, information and belief having made all reasonable enquiry, is/are independent of the Company and its subsidiaries, the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules)
“KH Mining”	廣西錦興礦業有限公司 (Guangxi Kam Hing Mining Company Limited*), a company incorporated in the PRC and an indirectly wholly owned subsidiary of the Company
“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, Macau Special Administrative Region of the PRC and Taiwan
“Shares”	shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholders of the Company
“Shipai Mine”	廣西桂平市石排鋅礦 (Guangxi Guiping City Shipai Zinc Mine*), the zinc mineral deposits located in Guiping City in the Guangxi Zhuang Autonomous Region, the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer Agreement”	the transfer agreement dated 28 November 2007 entered into between KH Mining and the Transferor for the transfer of the Exploration Licence
“Transferor”	貴港市貓兒山石柱江碼頭 (Guigang City Mao Er Shan Shi Zhu Jiang Pier*), a company established in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq. km.”	square kilometer(s)

For and on behalf of the Board
Kam Hing International Holdings Limited
Wong Wai Kong Elmen
Company Secretary

Hong Kong, 28 November 2007

As at the date of this announcement, the executive Directors are Mr. Tai Chin Chun, Mr. Tai Chin Wen, Madam Cheung So Wan, Madam Wong Siu Yuk and Mr. Chong Chau Lam; and the independent non-executive Directors are Mr. Chan Yuk Tong, Madam Chu Hak Ha, Mimi, Mr. Ku Shiu Kuen, Anthony and Mr. Chan Chung Yuen, Lawrence.

* For identification purposes only