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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)**

### ANNOUNCEMENT STRATEGIC FRAMEWORK AGREEMENT

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

The Board is pleased to announce that the Company and China National Coal entered into the Strategic Framework Agreement dated 18 August 2009, pursuant to which, the Company and China National Coal agreed to set out the strategic cooperation framework for the development of coal and other business in the PRC in five years times.

The Board wishes to emphasise that the cooperation under the Strategic Framework Agreement is at a preliminary stage and there is no capital commitment on the part of the Company to be contributed pursuant to the Strategic Framework Agreement. Both parties will further negotiate about the detailed terms of cooperation and further announcement will be made by the Company as and when required under the Listing Rules.

This announcement is made by Kam Hing International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(1) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

#### THE STRATEGIC FRAMEWORK AGREEMENT

The board of directors (the “**Board**”) of the Company is pleased to announce that the Company and China National Coal Sales and Transportation Corporation (中國煤炭銷售運輸總公司) (“**China National Coal**”) entered into a strategic framework agreement (the “**Strategic Framework Agreement**”) dated 18 August 2009, pursuant to which, the Company and China National Coal agreed to set out the strategic cooperation framework for the development of coal and other business in the People’s Republic of China (the “**PRC**”) in five years times. The Strategic Framework Agreement contains the following principal terms:

- (1) the parties shall jointly explore the thermal coal and other industrial coal resources and their markets (including both import and export);

- (2) the parties shall jointly explore the coking coal resources and its market (including both import and export);
- (3) China National Coal shall authorise the Company as its primary distributor for the sale and transportation of coal in Guangdong Province (including Shenzhen);
- (4) the parties shall cooperate for business development in other areas, if any; and
- (5) all the capital commitments in respect of the above cooperation shall be borne by the Company and China National Coal in the proportion to be agreed between the parties.

## **INFORMATION ON CHINA NATIONAL COAL**

To the best information, knowledge and belief of the Directors, China National Coal is a subsidiary of China National Coal Group Corporation (中國中煤能源集團公司) (“**ChinaCoal**”) which is the holding company of China Coal Energy Company Limited (中國中煤能源股份有限公司), a joint stock company incorporated in the PRC whose issued shares are listed on the Stock Exchange and Shanghai Stock Exchange. ChinaCoal is one of the key state-owned enterprises under the State-owned Assets Supervision and Administration Commission of the State Council. Now it has become one of the most distinctive conglomerates in the Chinese coal industry after several rounds of asset restructuring. ChinaCoal is an independent third party not connected with the Company and its connected persons within the meaning of the Listing Rules.

ChinaCoal’s core businesses comprise: coal production and trade, coal chemical, coal-bed methane exploration, pit-mouth power generation, coal mine construction, coal mining equipment manufacturing and relevant engineering technical services. By the end of 2008, ChinaCoal accumulated its total assets to RMB122.95 billion yuan with the debt to asset ratio of 35.5%, and has 114,000 employees in total.

ChinaCoal was ranked the second in terms of sales revenue in the coal industry in the PRC for the past three consecutive years and was ranked the top among China’s top 500 industrial enterprises. In 2008, ChinaCoal’s revenue reached RMB71.9 billion yuan with a total profit of RMB11.3 billion yuan, total coal production of 114.11 million tons, and coal trade of 102.66 million tons.

## **REASONS FOR ENTERING INTO THE STRATEGIC FRAMEWORK AGREEMENT**

The Group is principally engaged in the manufacturing and selling of knitted fabrics, dyed yarn and garment products, which includes the production processes ranging from cotton spinning, knitting, yarn dyeing, fabric dyeing, final processing and garment manufacturing. The Group has embarked its mineral exploration and exploitation business in late 2007.

The entering into of the Strategic Framework Agreement represents another step for the Group to diversify its business. Given ChinaCoal having been ranked the second in the PRC (in terms of sale revenue in the coal industry) for the past three consecutive years and the top among China’s top 500 industrial enterprises in 2008, the forming of a strategic alliance with China National Coal will enable the Group to swiftly develop its coal business by leveraging the business network of China National Coal in the PRC.

In view of the above, the Directors consider that terms of the Strategic Framework Agreement, 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 its shareholders as a whole.

The Board wishes to emphasise that the cooperation under the Strategic Framework Agreement is at a preliminary stage and there is no capital commitment on the part of the Company to be contributed pursuant to the Strategic Framework Agreement. Both parties will further negotiate about the detailed terms of cooperation and further announcement will be made by the Company as and when required under the Listing Rules.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Kam Hing International Holdings Limited**  
**Tai Chin Chun**  
*Chairman*

Hong Kong, 21 August 2009

*As at the date of this announcement, the Board comprises Mr. Tai Chin Chun, Mr. Tai Chin Wen, Ms. Cheung So Wan, Ms. Wong Siu Yuk, Mr. Chong Chau Lam and Mr. Wong Wai Kong, Elmen as executive Directors; and Mr. Chan Yuk Tong, Jimmy, Ms. Chu Hak Ha, Mimi and Mr. Chan Chung Yuen, Lawrence as independent non-executive Directors.*