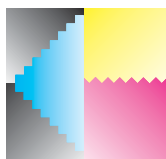


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KWONG HING INTERNATIONAL HOLDINGS (BERMUDA) LIMITED

廣興國際控股有限公司

(Incorporated in Bermuda with limited liability)

(stock code: 1131)

(A) VERY SUBSTANTIAL ACQUISITION RELATING TO THE ACQUISITION OF

(1) 60% EQUITY INTEREST IN PT RIMAU INDONESIA

(2) THE ENTIRE ISSUED SHARE CAPITAL OF RIMAU SHIPPING PTE LTD

AND

(B) DELAY IN DESPATCH OF THE CIRCULAR

AND

(C) RESUMPTION OF TRADING

THE MINE ACQUISITION AGREEMENT

On 17 November 2009, the First Purchaser, the First Vendor and the Company entered into the Mine Acquisition Agreement pursuant to which the First Vendor conditionally agreed to sell and the First Purchaser conditionally agreed to purchase the First Sale Shares at a consideration of HK\$840 million (subject to adjustment as described below). The Consideration shall be satisfied as to (i) HK\$120 million by the First Purchaser procuring the issue of the Promissory Notes by the Company to the First Vendor upon Completion; (ii) HK\$360 million (subject to adjustment) by the First Purchaser procuring the issue of the Convertible Bonds by the Company to the First Vendor; and (iii) HK\$360 million (subject to adjustment) by the First Purchaser procuring the issue of the Convertible Preference Shares by the Company to the First Vendor in the manner as detailed in the paragraph headed "The Mine Acquisition Agreement-The Consideration" below.

Initially, 240 million Conversion Shares (subject to adjustment) to be allotted and issued upon the full conversion of the Convertible Bonds represents (i) approximately 61.9% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 27.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming no adjustment on the principal amount of the Convertible Bonds to be issued pursuant to the terms of the Mine Acquisition Agreement and the Convertible Bonds and the Convertible Preference Shares are converted in full and without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Options).

The maximum of 240 million Conversion Shares to be allotted and issued upon full conversion of the Convertible Preference Shares represents (i) approximately 61.9% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 27.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming no adjustment on the principal amount of the Convertible Bonds to be issued pursuant to the terms of the Mine Acquisition Agreement and the Convertible Bonds and the Convertible Preference Shares are converted in full and without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Options).

THE SHIP ACQUISITION AGREEMENT

On 17 November 2009, the Second Purchaser, the Second Vendor and the Company entered into the Ship Acquisition Agreement pursuant to which the Second Vendor conditionally agreed to sell and the Second Purchaser conditionally agreed to purchase the Second Sale Shares at a consideration of HK\$160 million. The consideration shall be satisfied in cash upon Completion.

LISTING RULES IMPLICATION

As one of the Second Vendor, Ng Say Pek, is the 80% beneficial owner of Agritrade, one of the First Vendor, the Mine Acquisition and the Ship Acquisition shall be aggregated under Rule 14.22 of the Listing Rules. Hence, the Acquisitions and the transactions contemplated under the Mine Acquisition Agreement and the Ship Acquisition Agreement constitute a very substantial acquisition of the Company under the Listing Rules. Accordingly, the Acquisitions contemplated under the Mine Acquisition Agreement and Ship Acquisition Agreement are conditional upon, among other things, the approval by the Shareholders at the SGM. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the First Vendor and Second Vendor, their respective ultimate beneficial owners and their respective associates does not hold any Shares, options or securities convertible into Shares as at the date of this announcement and are independent of the Company and its connected persons. As no Shareholder has any material interest in the Acquisitions, it is expected that no Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the SGM to approve the Mine Acquisition Agreement, the Ship Acquisition Agreement and the transactions contemplated thereunder respectively.

DELAY IN DESPATCH OF CIRCULAR

The Circular containing, among other things, (i) further details of the Acquisitions; (ii) financial information of the Group and the Mine Target Group and the Ship Target Group; (iii) pro forma financial information of the Group as enlarged by the Mine Target Group and the Ship Target Group; and (iv) the notice of SGM will be sent to the Shareholders as soon as possible.

Pursuant to Rule 14.38A and Rule 14.48 of the Listing Rules, the Circular is required to be despatched to the Shareholders within 21 days after publication of this announcement, i.e. on or before 18 December 2009. However, it is currently expected that it will take about 12 weeks for the Company to obtain the technical report of the Mine, and the accountants' reports on the Mine Target Group and the Ship Target Group. The Company has therefore applied to the Stock Exchange for a waiver from strict compliance with Rule 14.38A and Rule 14.48 of the Listing Rules and an extension of time for despatch of the Circular to on or before 25 February 2010.

As the Acquisitions are subject to a number of conditions precedent, it may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the issued Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 18 November 2009 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the issued Shares with effect from 9:30 a.m. on 27 November 2009.

(1) THE MINE ACQUISITION AGREEMENT

Date: 17 November 2009

Parties:

Purchaser: First Purchaser, a wholly-owned subsidiary of the Company

Vendor: Agritrade, a company incorporated in Singapore with limited liability holding 32% equity interest in the Mine Target Company

WSJ, a company incorporated in Malaysia with limited liability holding 32% equity interest in the Mine Target Company

Lim Beng Kim, holding 4% equity interest in the Mine Target Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Agritrade, WSJ and Lim Beng Kim and the respective ultimate beneficial owners of Agritrade and WSJ are Independent Third Parties, and there are no prior relationship and/or transactions entered into between the Group and each of Agritrade, WSJ and Lim Beng Kim and the ultimate beneficial owners of Agritrade and WSJ.

Guarantor: the Company, who is acting as guarantor of the performance by the First Purchaser of its obligations under the Mine Acquisition Agreement.

Assets to be acquired

Pursuant to the Mine Acquisition Agreement, Agritrade, WSJ and Lim Beng Kim agreed to sell their respective equity interest of 32%, 24% and 4%, being the First Sale Shares representing 60% of the entire equity interest of the Mine Target Company immediately before Completion. In November 2008, a cooperation agreement on coal mining, processing and mixing, transporting and selling was entered into between the Indonesia Mining Company and the Mine Target Company (the “**Cooperation Agreement**”), pursuant to which the Indonesia Mining Company appointed the Mine Target Company as contractor that holds mining activities comprising of exploration works, mining works, transportation works, processing works and mixing works and selling works for the Mine. Further details of the Cooperation Agreement are set out in the paragraph headed “Information on the Mine Target Group” below. Upon Completion, the Company will beneficially own 60% of the issued share capital of the Mine Target Company, whose principal asset will be the 95% equity interest in the Indonesia Mining Company upon completion of the Reorganisation.

Please refer to the section headed “Information on the Mine Target Group” for further details on the Reorganisation and background information on the Mine Target Company and the Indonesia Mining Company.

The Consideration

The Consideration for the acquisition of the First Sale Shares is HK\$840 million (subject to adjustment as described below), which shall be satisfied by the First Purchaser in the following manner:

- (1) as to HK\$120 million by the First Purchaser procuring the Company to issue and deliver to the First Vendor the Promissory Notes upon Completion;
- (2) as to HK\$360 million (the “CB Consideration”) (subject to adjustment as described below) by the First Purchaser procuring the Company to issue to the First Vendor the Convertible Bonds upon Completion; and
- (3) as to HK\$360 million by the First Purchaser procuring the Company to issue to the First Vendor the Convertible Preference Shares upon Completion;

The Consideration shall be payable to the First Vendor in proportion to their respective interest in the First Sale Shares.

The Consideration was determined after arm’s length negotiations between the First Purchaser and the First Vendor taking into account (i) the Mine has proven reserves of coal of not less than 30.4 million tonnes, which shall be verified by obtaining a technical report; (ii) the market price of coal; (iii) the expected growth of demand for coal in the world and price trend; (iv) the grade and tonnage of coal said to be available at the concession; (v) the location of the concession and the nature of the licence; (vi) other factors which are essential to the long-term viability of coal mining business; and (vii) the preliminary valuation conducted by Greater China Appraisal Limited (the “Valuer”), an independent

qualified valuer, regarding the value of the Mine of approximately HK\$1,706.9 million based on income approach. The Company considers that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Adjustment to the Consideration

Pursuant to the Mine Acquisition Agreement, the Consideration shall be adjusted as follow:

Adjustment to the Consideration

1. If the Valuation amounted to not more than HK\$1,725 million and not less than HK\$1,350 million

No adjustment to the Consideration shall be required

2. If the Valuation amounted to more than HK\$1,725 million (capped at HK\$2,025 million)

The Consideration shall be adjusted upward by the following formula:

$$A = (V \times 0.57(\text{being } 95\% \times 60\%)) - X$$

Where:

A means the sum to be added to the Consideration (the "Addition")

X means the original Consideration, being HK\$840 million

V means the Valuation (provided that where the Valuation is equal to more than HK\$2,025 million, V shall be taken as HK\$2,025 million)

3. If the Valuation amounted to less than HK\$1,350 million (bottomed at HK\$975 million)

The Consideration shall be adjusted downward by the following formula:

$$D = X - (V \times 0.57 \text{ (being } 95\% \times 60\%))$$

Where:

D means the sum to be deducted from the Consideration (the “Deduction”)

X means the original Consideration, being HK\$840 million

V means the Valuation (provided that where the Valuation is equal to less than HK\$1,350 million, V shall be taken as HK\$975 million)

The Addition, or as the case may be, the Deduction shall be applied to add to or set off against, the CB Consideration.

Promissory Notes

The principal terms of the Promissory Notes which will be issued at Completion are as follows:

Principal amount: HK\$120 million

Maturity date: The date falling two years from the date of issue of the Promissory Notes

Interest rate: 2.5% per annum

Security: Unsecured

Transferability: The Promissory Notes may, with five Business Days’ prior notice in writing to the Company of the intention of the holder thereof to transfer or assign, be freely transferable and assignable

Early repayment: The Company may repay any part of the principal amount of the Promissory Notes (in amounts of not less than HK\$500,000 or should the outstanding principal amount is less than HK\$500,000, the whole (but not part of it) thereof) at any time from the date of issue to the date immediately prior to the maturity date

Convertible Bonds

The principal terms of the Convertible Bonds to be issued by the Company are as follows:

Principal amount: HK\$360 million (subject to adjustment)

Form and denomination: The Convertible Bonds will be issued in registered form and in the denomination of HK\$900,000 or the multiple thereof

Maturity date: The Business Day falling on the tenth anniversary from the date of the issue date of the Convertible Bonds

Interest: The Convertible Bonds shall accrue no interest

Conversion Shares: Initially, 240 million Conversion Shares (subject to adjustment)

Conversion period: The period commencing from the date of issue of the Convertible Bonds up to 4:00 p.m. (Hong Kong time) on the maturity date.

CB Conversion Price: The Convertible Bonds shall be converted at the CB Conversion Price of HK\$1.50 per Conversion Share (subject to adjustment). The Conversion Price of HK\$1.50 represents (i) a premium of approximately 66.67% over the closing price of HK\$0.90 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a premium of approximately 87.50% over the average of the closing prices of approximately HK\$0.80 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to and including the Last Trading Day; (iii) a premium of approximately 100.00% over the average of the closing prices of approximately HK\$0.75 per Share as quoted on the Stock Exchange for the last thirty trading days immediately prior to and including the Last Trading Day; and (iv) a premium of approximately 92.31% over the audited net assets value per Share as at 31 March 2009 of approximately HK\$0.78. The CB Conversion Price is subject to adjustment upon the occurrence of, among others, subdivision or consolidation or reclassification of Shares, capitalization issues, capital distribution, rights issues and grant of options and warrants on and subject to the terms of the Convertible Bonds.

Conversion:	A holder of Convertible Bonds shall have the right at any time and from time to time during the period commencing immediately on the date of issue of the Convertible Bonds up to 4:00p.m. on the maturity date to convert the whole or part of the principal amount of the Convertible Bond(s) in amounts of not less than a whole multiple of HK\$900,000 of the principal amount outstanding under the Convertible Bonds into Conversion Shares on each conversion, save that if at any time, the outstanding principal amount of the Convertible Bonds is less than HK\$900,000 the whole (but not part only) of the outstanding principal amount of the Convertible Notes may be converted; provided that no Convertible Bonds may be converted, to the extent that following such exercise (a) the minimum public float requirement of the Company as required under the Listing Rules cannot be satisfied; or (b) a holder of the Convertible Bonds and parties acting in concert with it, taken together, will trigger a mandatory offer obligation under Rule 26 of the Takeovers Code.
Transferability:	Freely transferable in whole multiple of HK\$900,000 (or such lesser amount as may represent the entire Convertible Bond(s)) but may not be transferred to a connected person of the Company without the prior consent of the Stock Exchange.
Redemption:	The Company shall redeem any Convertible Bonds which remains outstanding at 4:00 p.m. (Hong Kong time) on the maturity date at its principal amount.
Cancellation:	Immediately upon conversion or redemption by the Company or purchase by the Company or any of its subsidiaries, the Convertible Bonds so converted or redeemed or purchased shall be cancelled. Any Convertible Bonds so cancelled shall not be re-issued or re-sold.
Listing:	No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

Convertible Preference Shares

The principal terms of the Convertible Preference Shares to be issued by the Company are as follows:

Principal amount:	HK\$360 million
Notional Value:	HK\$1.50 per Convertible Preference Share
Conversion Preference Shares:	Up to 240 million Conversion Preference Shares

- CPS Conversion Price:** Convertible Preference Shares of the Notional Value of an amount equivalent to HK\$1.50 shall be convertible into one Share. The CPS Conversion Price of HK\$1.50 represents (i) a premium of approximately 66.67% over the closing price of HK\$0.90 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a premium of approximately 87.50% over the average of the closing prices of approximately HK\$0.80 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to and including the Last Trading Day; (iii) a premium of approximately 100.00% over the average of the closing prices of approximately HK\$0.75 per Share as quoted on the Stock Exchange for the last thirty trading days immediately prior to and including the Last Trading Day; and (iv) a premium of approximately 92.31% over the audited net assets value per Share as at 31 March 2009 of approximately HK\$0.78. The CPS Conversion Price is subject to adjustments upon the occurrence of, among others, subdivision or consolidation or reclassification of Shares, capitalization issues, capital distribution, rights issues and grant of options and warrants on and subject to the terms of the Convertible Preference Shares.
- Dividend:** Holder of each Convertible Preference Share shall have the same entitlement to dividend as holder of the number of Ordinary Shares into which such Convertible Preference Share may be converted upon exercise of conversion rights attached thereto.
- Conversion:** The Convertible Preference Shares are convertible at the option of the holder at any time commencing from 3:00 p.m. (Hong Kong time) on the Business Day immediately after the date of issue of such Conversion Preference Share and up to 4:00 p.m. (Hong Kong time) on the date of all Convertible Preference Shares being converted or purchased in full (or such earlier date as may be required under the Statutes provided that no Convertible Preference Shares may be converted, to the extent that following such exercise (a) the minimum public float requirement of the Company as required under the Listing Rules cannot be satisfied; or (b) a holder of the Convertible Preference Shares and parties acting in concert with it, taken together, will trigger a mandatory offer obligation under Rule 26 of the Takeovers Code.
- Ranking:** The Convertible Preference Shares rank (A) in priority to the ordinary shares of the Company and any other shares of the Company as to return of capital, and (B) pari passu with ordinary shares of the Company as to dividends.
- Listing:** No application will be made for the listing of the Convertible Preference Shares on the Stock Exchange or any other stock exchanges.

Transferability:	The Convertible Preference Shares will be freely transferable provided that where the Convertible Preference Shares are intended to be transferable to a connected person of the Company (other than the associates of the relevant bondholder) such transfer shall comply with the requirements under the Listing Rules and/or requirements imposed by the Stock Exchange (if any).
Voting rights:	Holders of the Convertible Preference Shares will not be permitted to attend or vote at meetings of the Company, unless a resolution is proposed to vary the rights of holders of the Convertible Preference Shares or a resolution is proposed for the winding up of the Company.
Redemption:	Holder of the Convertible Preference Shares shall have no right to redeem unless upon certain redemption events. The Company shall have no right to redeem.
Return of capital:	On winding up of the Company, the holder of the Convertible Preference Shares shall be entitled to the return of capital on the basis of the Notional Value of the Convertible Preference Shares.

Initially, 240 million Conversion Shares (subject to adjustment) to be allotted and issued upon the full conversion of the Convertible Bonds represents (i) approximately 61.9% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 27.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming no adjustment on the principal amount of the Convertible Bonds to be issued pursuant to the terms of the Mine Acquisition Agreement; and the Convertible Bonds and Convertible Preference Shares are converted in full and without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Options).

The maximum of 240 million Conversion Shares to be allotted and issued upon the full conversion of the Convertible Preference Shares represents (i) approximately 61.9% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 27.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming no adjustment on the principal amount of the Convertible Bonds to be issued pursuant to the terms of the Mine Acquisition Agreement; and the Convertible Bonds and Convertible Preference Shares are converted in full and without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Options).

The Conversion Shares will be issued under a specific mandate proposed to be obtained at the SGM. The Conversion Shares shall rank equally among themselves and *pari passu* in all respects with the Shares in issue on the date of allotment and issue of such Conversion Shares.

The CB Conversion Price and the CPS Conversion Price were determined after arm's length negotiations between the First Vendor and the First Purchaser. The Company considers that the CB Conversion Price and the CPS Conversion Price are fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Conversion Shares to be issued upon the exercise of the conversion rights attached to the Convertible Bonds and Convertible Preference Shares.

Conditions precedent

Completion shall be conditional upon the satisfaction or (as the case may be) waiver of the following conditions:

- (a) the First Purchaser being reasonably satisfied with the results of the due diligence review of the Mine Target Group;
- (b) all necessary consents, licences and approvals required to be obtained on the part of the First Vendor and the Mine Target Group in respect of the Mine Acquisition Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;
- (c) all necessary consents, licences and approvals required to be obtained on the part of the First Purchaser in respect of the Mine Acquisition Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;
- (d) the passing by the Shareholders at a special general meeting of the Company to be convened and held of an ordinary resolution to approve the Mine Acquisition Agreement and the transactions contemplated thereby, including but not limited to the creation of the Convertible Preference Shares, the issue of the Convertible Bonds, the Promissory Notes, the Convertible Preference Shares and the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds and the Convertible Preference Shares in accordance with the terms therein, (if necessary) the amendments to the Bye-laws to incorporate the constituent document amendments, and all other consents and acts required under the Listing Rules having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange;
- (e) the obtaining of an Indonesian legal opinion (in form and substance satisfactory to the First Purchaser) from a firm of Indonesian legal advisers appointed by the First Purchaser in relation to the Mine Acquisition Agreement and the transactions contemplated thereby;
- (f) the First Vendor's warranties remaining true and accurate in all respects;

- (g) the First Purchaser's warranties remaining there and accurate in all respects;
- (h) the obtaining of a valuation report (in form and substance satisfactory to the First Purchaser) from a firm of independent professional valuers appointed by the First Purchaser showing the valuation of the Mine to be not less than HK\$975 million;
- (i) the Ship Acquisition Agreement having become unconditional (other than the condition for the Mine Acquisition Agreement to become unconditional);
- (j) the First Vendor being reasonably satisfied with the results of the due diligence review of the Group;
- (k) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Conversion Shares;
- (l) (if applicable) the approval of the Bermuda Monetary Authority in respect of the allotment and issue of the Convertible Bonds, the Convertible Preference Shares and the Conversion Shares by the Company;
- (m) the obtaining of a technical report (in form and substance satisfactory to the First Purchaser) issued by a qualified technical adviser appointed by the First Purchaser that indicates that the Mine have proven reserves of coal of no less than 30.4 million tonnes;
- (n) completion of the Reorganisation;
- (o) the Mine Target Group having obtained the Coal Production-Operation Mining Permit;
- (p) completion of the allotment and issue of new Shares by the Mine Target Company to the First Vendor pursuant to and in accordance with the terms of the First Deed of Capitalisation;
- (q) no indication being received from the Stock Exchange that the transactions contemplated under the Mine Acquisition Agreement will be treated or, as the case may be, ruled by the Stock Exchange as a "reverse takeover" under the Listing Rules, or may otherwise trigger mandatory general offer obligations under the Takeovers Code;
- (r) the First Purchaser being satisfied that there has not been any material adverse change in respect of any member of the Group since the date of the Mine Acquisition Agreement; and
- (s) the issue of the circular in respect of the Mine Acquisition.

The First Purchaser may at its absolute discretion at any time waive in writing any of the conditions (a), (b), (e), (f), (h), (m), (n), (o) (p) and (r) as stated above (to the extent it is capable of being waived) and such waiver may be made subject to such terms and conditions as are determined by the First Purchaser. The First Vendor may at their absolute discretion at any time waive in writing any of the conditions (c), (g) and (j) as stated above (to the extent it is capable of being waived) and such waiver may be made subject to such terms and conditions as are determined by the First Vendor. For the avoidance of doubt, conditions (d), (i), (k), (l), (q) and (s) are not waivable by any parties to the Mine Acquisition Agreement. If the conditions set out above have not been satisfied (or as the case may be, waived) on the Long Stop Date, the Mine Acquisition Agreement shall cease and determine. Notwithstanding the provisions of the Mine Acquisition Agreement, the First Vendor shall forthwith pay to the First Purchaser a sum of HK\$13,500,000 with a view to cover and indemnify the First Purchaser against all fees, costs and expenses (including legal fees) incurred or to be incurred by the First Purchaser in connection with the negotiation, preparation, execution and recession of the Mine Acquisition Agreement. Thereafter, neither party shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms hereof.

The First Purchaser has no intention to waive the conditions (m), (n) and (o) as at the date this announcement. Under the Mine Acquisition Agreement, if the First Purchaser decides to waive any of the conditions precedents stated thereunder, the First Purchaser is entitled to impose any other conditions as it may think fit and appropriate on such waiver. The Mine Acquisition Agreement is drafted in such a way so as to provide the necessary flexibility to the First Purchaser to deal with the uncertainties which may not be foreseeable at the time of the signing of the Mine Acquisition Agreement. Meanwhile, the power granted to the First Purchaser to impose other conditions on such waiver serves as an additional safeguard to protect the interest of the Shareholders. The Board considers that it will only allow the First Purchaser to waive such conditions (m), (n) and (o) (as well as impose other necessary conditions to such waiver), only if such waiver (with the additional conditions imposed by the First Purchaser (if any)) is beneficial to the Company and the Shareholders as a whole and will not materially and adversely affect the rights of the Company and Shareholders as a whole. Moreover, if the additional conditions imposed on such waivers are so material that it will change the major terms of the Mine Acquisition Agreement, the Company will comply with the relevant Listing Rules and issue a further announcement or even seek approval from the Shareholders at a special general meeting of the Company to approve the revised terms, as and when appropriate.

Completion

Completion shall take place simultaneously with the transactions contemplated under the Ship Acquisition Agreement on the date falling three Business Day after the fulfillment or, where applicable, waiver of the relevant conditions precedent to the Mine Acquisition Agreement.

INFORMATION ON THE MINE TARGET GROUP

(i) Mine Target Company

The Mine Target Company is a foreign investment company (PMA) established in Indonesia on 1 October 2004. As at the date of this announcement, the entire issued share capital of the Mine Target Company is legally and beneficially owned as to 32% by Agritrade, 32% WSJ, 32% by PT Rimau Resources and 4% by Lim Beng Kim. The Mine Target Company is principally engaged in trading of mineral resources in Indonesia.

In November 2008, the Cooperation Agreement on coal mining, processing and mixing, transporting and selling was entered into between the Indonesia Mining Company and the Mine Target Company, pursuant to which the Indonesia Mining Company appointed the Mine Target Company as contractor to conduct mining activities comprising of exploration works, mining works, transportation works, processing works and mixing works and selling works for the Mine, for a term of ten years expiring on 6 November 2018, which is extendable at the end of this period. Under the principal terms of the Cooperation Agreement, the Mine Target Company shall:

- (a) pay a royalty fee to the Indonesia Mining Company in the amount of US\$1/metric ton (which constitutes the compensation price of coal being mined, transported and sold) from coal mining production conducted by the Mine Target Company;
- (b) provide proper infrastructures, equipments, manpower, supporting facilities for the implementation of mining works in accordance with the plan made by the Mine Target Company, and transportation facility and drainage channel in the mining site;
- (c) carry out transportation and management of the coal;
- (d) carry out processing of coal;
- (e) carry out sales of coal mining production; and
- (f) provide fund for payment of royalty fee or production contribution to the government, and land acquisition.

Since the Indonesia Mining Company will become a 95%-owned subsidiary of the Mine Target Company when the Reorganisation has been completed, the Cooperation Agreement will be terminated after the Reorganisation.

According to the unaudited financial information of the Mine Target Company prepared based on the Indonesia accounting standards, the Mine Target Company had net asset value of approximately IDR7,815.33 million (equivalent to approximately HK\$6.46 million) as at 30 September 2009, before-tax loss and after-tax loss of approximately IDR1,017.96 million (equivalent to approximately HK\$0.84 million) for the year ended 31 December 2008, and before-tax loss and after-tax loss of approximately IDR57.19 million (equivalent to approximately HK\$0.05 million) for the year ended 31 December 2007.

Upon the capitalisation of the shareholders' loan of approximately IDR18,382.85 million (equivalent to approximately HK\$15.21 million) before Completion pursuant to the First Deed of Capitalisation, the estimated net asset value of the Mine Target Company will be approximately IDR26,198.18 million (equivalent to approximately HK\$21.67 million).

(ii) Indonesia Mining Company

The Indonesia Mining Company is a limited liability company established in Indonesia on 11 February 2008 and, as at the date of this announcement, the entire issued share capital of the Indonesia Mining Company is legally and beneficially owned as to 35% by Mr. Wang Chia Ing, 35% by Mr. Budy Dinata and 30% by Mr. Ridwan Andi Wattiri (all being Independent Third Parties). The Indonesia Mining Company is the holder of the Coal Exploration Licence and is principally engaged in mining of mineral resources in Indonesia.

According to the unaudited financial information of the Indonesia Mining Company prepared based on the Indonesia accounting standards, the Indonesia Mining Company had net liabilities of approximately IDR322.32 million (equivalent to approximately HK\$0.27 million) as at 30 September 2009, before-tax loss and after-tax loss of approximately IDR1,567.72 million (equivalent to approximately HK\$1.30 million) during the period from 11 February 2008 (date of incorporation) to 31 December 2008.

Please note that the figures as shown above are based on the unaudited financial information of the Mine Target Company and the Indonesia Mining Company. Accountants' reports in respect of the results and assets and liabilities of the Target Group ("Financial Information") prepared in accordance with the generally accepted accounting principles in Hong Kong will be contained in the circular to be despatched to the Shareholders in compliance with the Listing Rules. Shareholders should note that the Financial Information is subject to audit to be performed by the independent auditors and may be subject to changes.

Reorganisation

As one of the conditions of the Mine Acquisition Agreement, prior to Completion, the First Vendor will procure that the Reorganisation be implemented whereby (i) the Mine Target Company will acquire 95% of the issued share capital of the Indonesia Mining Company from its existing shareholders; and (ii) Indonesia Mining Company will be converted into a foreign investment company (PMA) in Indonesia such that immediately after the Reorganisation, the Indonesia Mining Company will be beneficially owned as to 95% and 5% of its issued share capital by the Mine Target Company and PT Rimau Resources respectively. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, PT Rimau Resources and its ultimate beneficial owners are Independent Third Parties.

Upon completion of the abovementioned Reorganisation, the Mine Target Company will hold 95% of the issued share capital of the Indonesia Mining Company. The Mine Target Group (which will be fully formed upon completion of the Reorganisation) will be principally engaged in the business of (i) trading of mineral resources; and (ii) coal exploration, production and sale of coal and operation of coal mine business. Please refer to the paragraph headed “Corporate structure of the Mine Target Group” below for corporate charts of the Mine Target Group immediately before and after Completion.

Information on the Mine

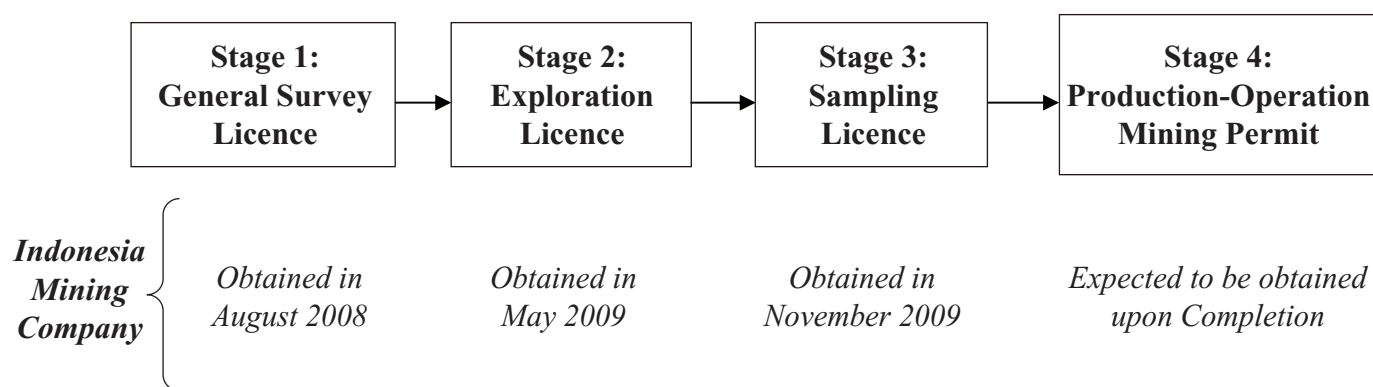
The Indonesia Mining Company currently holds mining licence which allow it to conduct exploration activities in the Mine. As advised by the Vendor, the Mine covers an area of 2,000 hectares in the Province of Central Kalimantan, Indonesia, being the subject of the Coal Exploration Licence currently held by the Indonesia Mining Company. As advised by the First Vendor, it is estimated that the Mine shall have coal reserves of not less than 30.4 million tonnes.

Details of the mining licence obtained by the Indonesia Mining Company are set out below:

Name of the licence	Date of the licence and name of the granting authority	Nature of the licence	Validity period of the licence
Mining Business Licence for Coal Exploration No. 288 Year 2009	18 May 2009, granted by Regent of East Barito	Exploration activities covering a mine for an area of 2,000 hectares situated at the district of Karusen Janang, Awang and Dusun Timur, East Barito Regency, Province of Central Kalimantan, Indonesia	One year commencing as of 18 May 2009 up to 17 May 2010

As set out above, the Coal Exploration Licence in respect of the Mine will be valid until 17 May 2010 and thereafter is renewable for such subsequent periods as applicable under the relevant Indonesia mining regulations. As at the date of this announcement, the Indonesia Mining Company is undergoing application procedures for the Coal Production-Operation Mining Permit which allows it to conduct production and operation activities for the Mine. It is expected that the Coal Production-Operation Mining Permit would have been obtained by Indonesia Mining Company upon Completion pursuant to the Mine Acquisition Agreement. As advised by the legal adviser of the Company as to Indonesia laws, the Coal Exploration Licence is extendable if the exploration activities is not completed within the validity period of the licence. In addition, the issuance of the Coal Production-Operation Mining Permit is subject to the requisite completion of the exploration activities. The Coal Production-Operation Mining Permit can be granted for a maximum period of twenty years, extendable to ten years two times respectively.

Set out below is the procedure to obtain the coal mining licence in Indonesia:

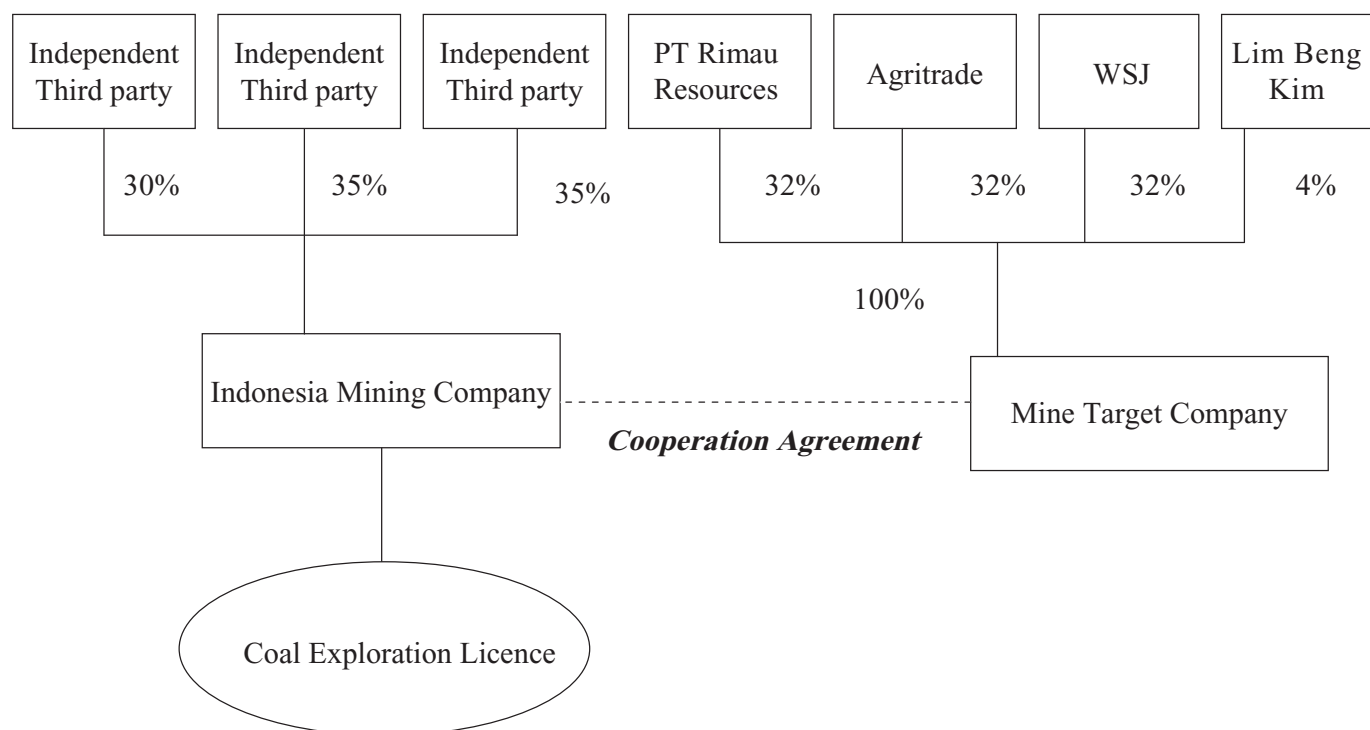


As the Company has yet to determine the development plan for the Mine and the Company intends to review the technical report to be issued by the Technical Adviser before developing a plan, the Company shall disclose further details of the future development plan for the Mine in the Circular.

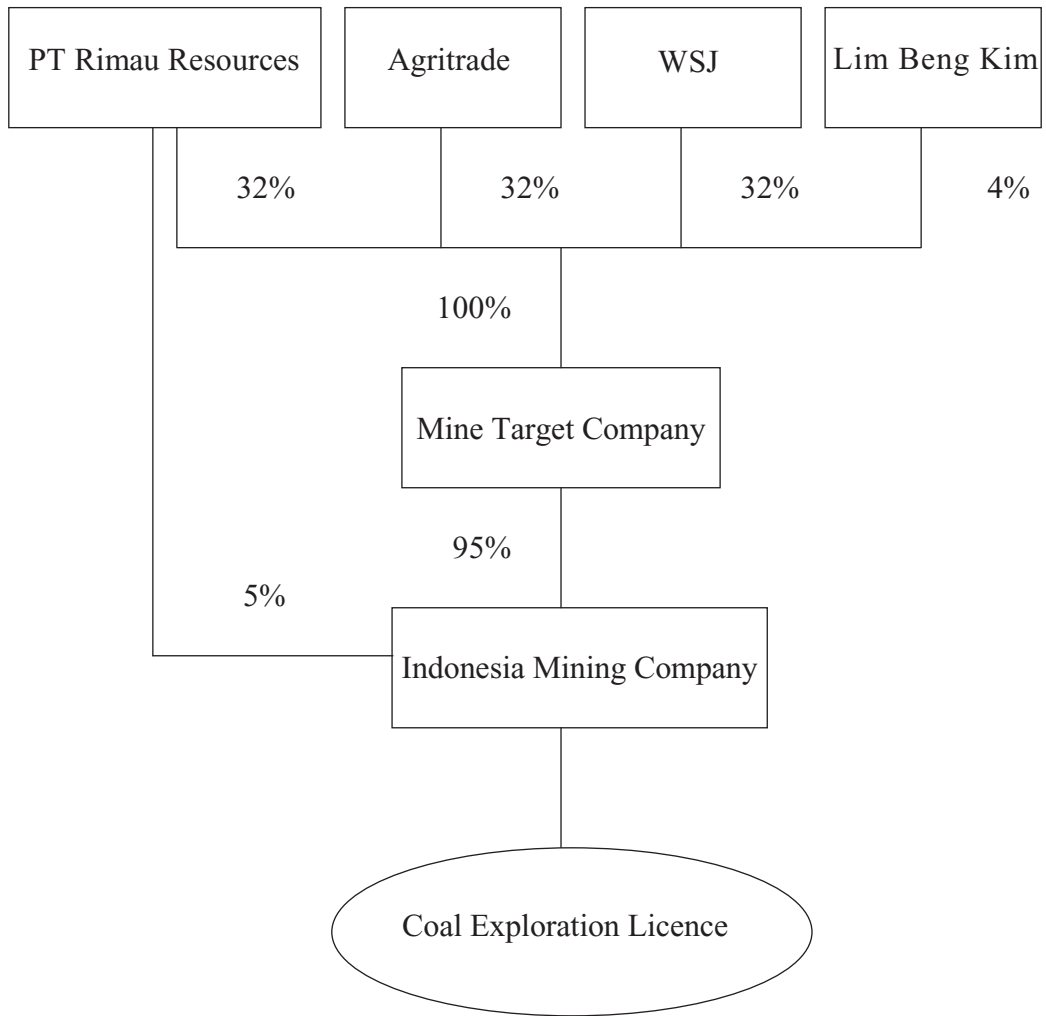
Corporate structure of the Mine Target Group

The following charts show the corporate structures of the Mine Target Group:

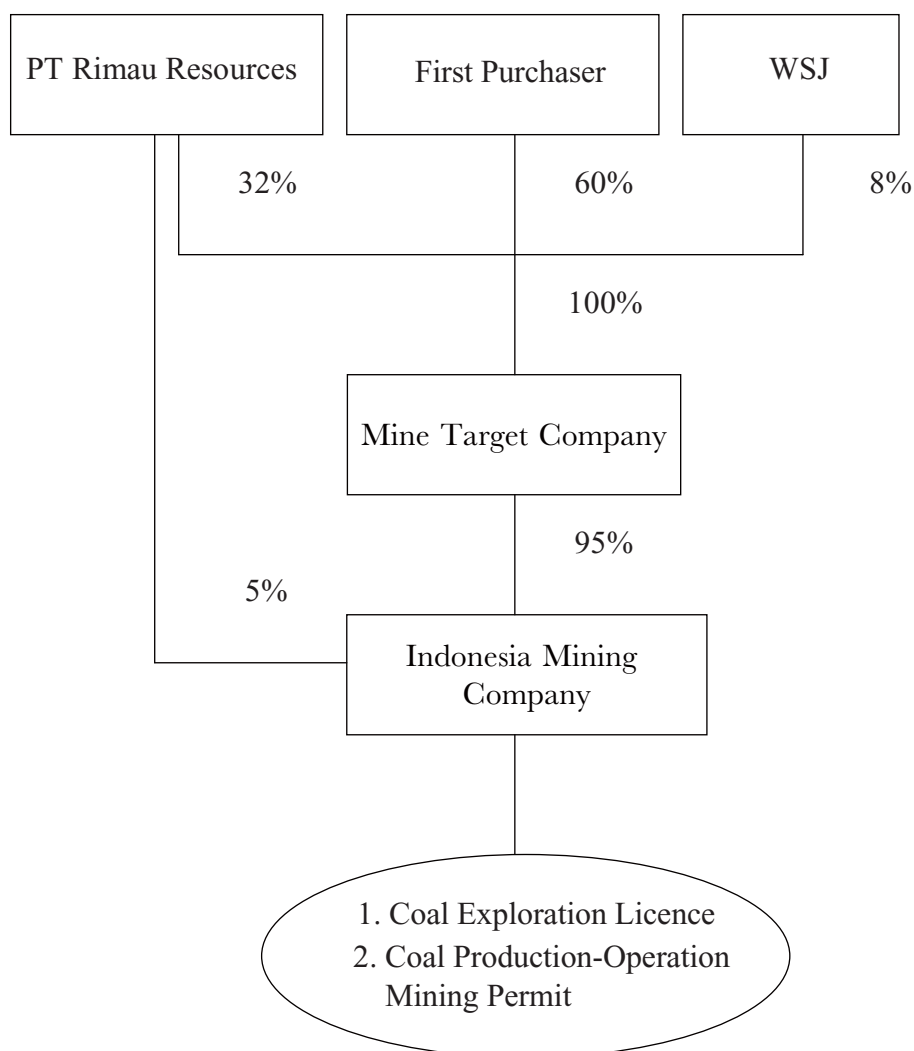
1. Immediately before completion of the Reorganisation



2. *Immediately before Completion (assuming the Reorganisation has been completed)*



3. Immediately after Completion



RISKS RELATING TO THE MINE ACQUISITION

Investments in new business

The Mine Acquisition constitutes an investment in the new business sector, including mineral exploration and mining. The new business, coupled with the regulatory environment, may pose significant challenges to the company's administrative, financial and operational resources. Since the Company does not have significant experience in the new business in the past, it is not in a position to assure the timing and amount of any return or benefits that may be received from the new business. If any exploration and mining projects in which the Company attempts to develop does not progress as planned, the Company may not recover the funds and resources it has spent, and this may affect the Company.

Uncertainty about the resources of the Mine

It is anticipated that the estimated amount of Mineral Resources to be stated in the technical report to be prepared by the Technical Adviser in respect of the Mine would be based on a number of assumptions on principal factors and variables, which may prove to deviate from the actual state of the Mine, and which would be beyond the Indonesia Mining Company's control. Consequently, the actual amount of Mineral Resources derived from the Mines may deviate materially from the amount to be estimated by the Technical Adviser.

Cyclical nature of coal markets and fluctuations in coal prices

As a significant percentage of the revenue of the new business is derived from coal and coal-related operations, part of the Group's future business and results of operations may depend on the international supply of and demand for coal. The fluctuations in supply and demand are caused by numerous factors beyond the Group's control, which include, but not limited to:

- (i) global and domestic economic and political conditions and competition from other energy sources; and
- (ii) the rate of growth and expansion in industries with high coal demand, such as steel and power industries.

There is no assurance that the international demand for coal and coal-related products will continue to grow, or that the international demand for coal and coal-related products will not experience excess supply.

Significant and continuous capital investment

The coal business requires significant and continuous capital investment. As factors beyond the Group's control exists, such as the major mine explorations and coal production projects may not be completed as planned, may exceed the original budgets and may not achieve the intended economic results or commercial viability, actual capital expenditures for the new business may significantly exceed the Group's budgets, which in turn may affect the Group's financial condition.

Policies and regulations

The coal mining business is subject to extensive governmental regulations, policies and controls. There can be no assurance that the relevant government will not change such laws and regulations or impose additional or more stringent laws or regulations. Failure to comply with the relevant laws and regulations in the mine development and coal production projects may adversely affect the Group.

Environmental protection policies

The mining and exploration business is subject to Indonesia environmental protection law and regulations. If the Group fails to comply with existing or future environmental laws and regulations, the Group may be required to take remedial measures, which could have a material adverse effect on the Group's business, operations, financial condition and results of operations.

Application for the relevant permits

As set out under the paragraph headed "Conditions precedent" above, the obtaining of the Coal Production-Operation Mining Permit is one of the key conditions precedent for Completion. There can be no assurance that the Indonesia Mining Company will be able to obtain the relevant permit before the Long Stop Date. Any problems or delay in the application process for the relevant permits may in turn materially and adversely affect the timing for Completion.

Further, notwithstanding that the relevant coal exploration licence and production-operation mining permit are renewable for such subsequent periods under the relevant Indonesia mining regulations (further details on the renewal of the mining licences can be referred to under the paragraph headed "Information on the Mine" above), in the event that the relevant coal exploration licences and production-operation mining permit for the Mine cannot be renewed prior to their respective expiry dates, the Group's business operations, financial position and condition and results of operations may be adversely affected.

(2) THE SHIP ACQUISITION AGREEMENT

Date: 17 November 2009

Parties:

Purchaser: Second Purchaser, a wholly-owned subsidiary of the Company

Vendor: Ng Say Pek, holding 50% equity interest in Ship Target Company

Ng Xinwei, holding 50% equity interest in Ship Target Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Ng Say Pek and Ng Xinwei is an Independent Third Party, and there are no prior relationship and/or transactions entered into between the Group and each of Ng Say Pek and Ng Xinwei.

Guarantor: the Company, who is acting as guarantor of the performance by the Second Purchaser of its obligations under the Ship Acquisition Agreement.

Assets to be acquired

The Second Sale Shares, being the entire equity interest of the Ship Target Company.

The Consideration

The consideration for the acquisition of the Second Sale Shares is HK\$160 million, which shall be satisfied by the Second Purchaser to the Second Vendor in cash upon Completion.

The consideration was determined after arm's length negotiations between the Second Purchaser and the Second Vendor taking into account (i) the financial position of the Ship Target Company; (ii) the potential development prospects of ship operating business; and (iii) the preliminary valuation conducted by the Valuer regarding the value of the Ship Target Company of approximately HK\$169.6 million based on income approach. The Company considers that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion shall be conditional upon the satisfaction or (as the case may be) waiver of the following conditions:

- (a) the Second Purchaser being reasonably satisfied with the results of the due diligence review of the Ship Target Company;
- (b) all necessary consents, licences and approvals required to be obtained on the part of the Second Vendor and the Ship Target Company in respect of the Ship Acquisition Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;
- (c) all necessary consents, licences and approvals required to be obtained on the part of the Second Purchaser and the Company in respect of the Ship Acquisition Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;
- (d) the passing by the Shareholders at a special general meeting of the Company to be convened and held of an ordinary resolution to approve the Ship Acquisition Agreement and the transactions contemplated thereby;
- (e) the obtaining of a Singapore legal opinion (in form and substance satisfactory to the Second Purchaser) from a firm of Singapore legal advisers appointed by the Second Purchaser in relation to the Ship Acquisition Agreement and the transactions contemplated thereby;
- (f) the Second Vendor's warranties remaining true and accurate in all respects;
- (g) the Second Purchaser's warranties remaining true and accurate in all respects;

- (h) the obtaining of a valuation report (in form and substance satisfactory to the Second Purchaser) from a firm of independent professional valuers appointed by the Second Purchaser showing the valuation of the Ship Target Company to be not less than HK\$160 million;
- (i) the Mine Acquisition Agreement having become unconditional (other than the condition for the Ship Acquisition Agreement to become unconditional);
- (j) the Second Vendor being reasonably satisfied with the results of the due diligence review of the Group; and
- (k) completion of the allotment and issue of new shares by the Ship Target Company to the Second Vendor pursuant to and in accordance with the terms of the Second Deed of Capitalisation.

The Second Purchaser may at its absolute discretion at any time waive in writing any of the conditions (a), (b), (e), (f), (h) and (k) as stated above (to the extent it is capable of being waived) and such waiver may be made subject to such terms and conditions as are determined by the Second Purchaser. The Second Vendor may at their absolute discretion at any time waive in writing any of the conditions (c), (g) and (j) as stated above (to the extent it is capable of being waived) and such waiver may be made subject to such terms and conditions as are determined by the Second Vendor. If the conditions set out above have not been satisfied (or as the case may be, waived) on the Long Stop Date, the Ship Acquisition Agreement shall cease and determine. Notwithstanding the provisions of the Ship Acquisition Agreement, the Second Vendor shall forthwith pay to the Second Purchaser a sum of HK\$1,500,000 with a view to cover and indemnify the Second Purchaser against all fees, costs and expenses (including legal fees) incurred or to be incurred by the Second Purchaser in connection with the negotiation, preparation, execution and recession of the Ship Acquisition Agreement. Thereafter, neither party shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms hereof.

The Second Purchaser has no intention to waive the condition (h) as at the date this announcement. Under the Ship Acquisition Agreement, if the Second Purchaser decides to waive any of the conditions precedents stated thereunder, the Second Purchaser is entitled to impose any other conditions as it may think fit and appropriate on such waiver. The Ship Acquisition Agreement is drafted in such a way so as to provide the necessary flexibility to the Second Purchaser to deal with the uncertainties which may not be foreseeable at the time of the signing of the Ship Acquisition Agreement. Meanwhile, the power granted to the Second Purchaser to impose other conditions on such waiver serves as an additional safeguard to protect the interest of the Shareholders. The Board considers that it will only allow the Second Purchaser to waive such condition (h) (as well as impose other necessary conditions to such waiver), only if such waiver (with the additional conditions imposed by the Second Purchaser (if any)) is beneficial to the Company and the Shareholders as a whole and will not materially and adversely affect the rights of the Company and Shareholders as a whole. Moreover, if the additional conditions imposed on such waivers are so material that it will change the major terms of the Ship Acquisition Agreement, the Company will comply with the relevant Listing Rules and issue a further announcement or even seek approval from the Shareholders at a special general meeting of the Company to approve the revised terms, as and when appropriate.

Completion

Completion shall take place simultaneously with the transactions contemplated under the Mine Acquisition Agreement on the date falling three Business Day after the fulfillment or, where applicable, waiver of the relevant conditions precedent to the Ship Acquisition Agreement.

INFORMATION ON THE SHIP TARGET COMPANY

The Ship Target Company is a company incorporated in Singapore on 27 August 2004 with limited liability and is beneficially owned as to 50% by Ng Say Pek and as to 50% by Ng Xinwei. The Ship Target Company, whose principal asset is the entire beneficial interest in tugboats and barges, is principally engaged in chartering of vessels. The Ship Target Company currently own four tugboats and two barges (all were built within two years prior to the date of this announcement) with an aggregate carrying capacity of 8,800 horsepower and 16,000 metric tonnes respectively. As advised by the Second Vendor, the Ship Target Company's profits derived from the operation of its Singapore registered ship are exempt from income tax pursuant to the latest tax incentive scheme.

According to the unaudited management account of the Ship Target Company prepared based on the Singapore accounting standards, the Ship Target Company had unaudited net asset value of approximately S\$6.26 million (equivalent to approximately HK\$35.02 million) as at 30 September 2009, unaudited before-tax profit and unaudited after-tax profit of approximately S\$1.59 million (equivalent to approximately HK\$8.89 million) for the nine months ended 30 September 2009. According to the financial information of the Ship Target Company prepared based on the Singapore accounting standards and audited by local auditors in Singapore, the Ship Target Company had audited before-tax profit and audited after-tax profit of approximately S\$0.82 million (equivalent to approximately HK\$4.59 million) for the year ended 31 December 2008, and audited before-tax profit and audited after-tax profit of approximately S\$0.78 million (equivalent to approximately HK\$4.36 million) for the year ended 31 December 2007. During the first half of 2009, the Ship Target Company's revenue was mainly derived from one tugboat and one barge whereas the newly acquired tugboats and barges commenced to bring in charter income from mid-2009 and thus their contribution to revenue will be fully reflected in 2010. Upon the capitalisation of the shareholders' loan of approximately S\$1.6 million (equivalent to approximately HK\$8.95 million) before Completion pursuant to the Second Deed of Capitalisation, the estimated net asset value of the Ship Target Company will be approximately S\$7.86 million (equivalent to approximately HK\$43.97 million).

REASONS FOR THE ACQUISITIONS

The Group is principally engaged in manufacture and sale of knitted fabric and dyed yarns, and provision of dyeing, bleaching, setting and finishing services. For the two years ended 31 March 2008 and 2009, the Group recorded audited net loss of approximately HK\$37.5 million and HK\$42.6 million respectively. Agritrade is principally engaged in commodities business of palm oil, coal and logistic services. WSJ is principally engaged in commodities trading of timber, plywood, palm oil and steam coal, as well as logistic services and vessels operation.

While looking for suitable strategic acquisition and partnership opportunities, the Group also considers the possibility of any asset disposal, fixed assets redeployment or business diversification for the purpose of enhancing the long-term growth potential of the Group. The Directors have been seeking investment opportunities to broaden the Group's source of income. The First Vendor and the Second Vendor were introduced to the Company by an Independent Third Party. At a meeting of the Board held on 17 November 2009, the Acquisitions were approved by a majority of the Directors present at such meeting with Ms. Li Mei Lin has voluntarily abstained from voting (which was not required according to the bye-laws of the Company) and the other six Directors present at the meeting of the Board voting for and approving the Acquisitions. The Company considers that the Acquisitions will provide the Group with a good opportunity to diversify its business.

The Indonesian coal industry has developed very rapidly over the last decade to become a significant exporter, especially within the ASEAN context. According to the BP Statistical Review of World Energy 2009, Indonesia has proven coal reserves of 58,600 million tonnes at end of 2008, which represent approximately 22.6% and approximately 7.1% of the total proven coal reserves of Asia Pacific and the world respectively. It is expected that coal production growth in Indonesia will continue throughout the year 2009, and that slowing demand from the international market may be offset by the increasing demand from the domestic market. The government of Indonesian is committed to encourage private sectors to invest in coal mining industry especially in introducing new clean coal technology.

In view of the prospects relating to natural resources given the search for sources of energy among nations and enterprises is a global phenomenon, the Company believes that diversifying into this industry will be a sound strategy for the Company's business development. As advised by the First Vendor, the Coal will be packaged and branded as environmental friendly coal due to its low ash and low sulphur content characteristic, and targeted to be sold to local Indonesia power plants, and to be exported to thermal coal markets in India, China, Thailand and the Philippines. The Company considers that there is a good prospect for the coal mining industry given the increasing demand from China, Indonesia and worldwide for coal and coal products. However, the ultimate economic feasibility will depend on a variety of factors including market price of coal and coal products, costs of production and delivery terms along with the risk factors. The Company considers that its growth momentum will be maintained by diversifying into the natural resources area. The management of the Company is confident that the global economic recovery will boost the demand for coal.

The Company considers that the Ship Acquisition will provide the Group an opportunity to acquire interest in the Ship Target Company, which is expected to provide an ongoing stable income steam from the tugboat and barge charter income, and to benefit the Group to have its own fleet of vessels for coal transportation.

Through the Acquisitions, the Company considers that the Group can broaden its source of income by diversifying its business to include mining of mineral resources and vessel-chartering business, and acquire expertise in operating the coal mining business and vessel business. The Company therefore believes that the Acquisitions offer the Group a good opportunity to diversify into businesses with good prospect, to enhance the Group's income stream and the overall profitability, and to maintain the Group's growth momentum. In view of (i) one Director, who possesses the relevant experience in the new businesses, is proposed to be nominated by the First Vendor after Completion, and (ii) in addition to relying on the expertise of the target companies acquired, the Company intends to recruit other relevant professionals for operating the new business as and when necessary, the Company considers that it would have sufficient manpower and experience to operate and manage the new businesses.

Upon Completion, the Mine Target Company and the Ship Target Company will become a 60%-owned subsidiary and wholly owned subsidiary of the Company respectively. The financial results of the Mine Target Company and the Ship Target Company will be consolidated with those of the Group. However, the Company has the intention of continuing with its existing business while diversifying into a new business sector. Hence, save for the addition of (i) trading of mineral resources; (ii) coal exploration, production and sale of coal and operation of coal mine business; and (iii) the chartering of vessels, there will be no change in the existing business of the Group as a result of the Acquisitions. Save for the appointment of Lim Beng Kim nominated by the First Vendor as a Director after Completion, there is no proposed change in board composition of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Lim Beng Kim is not connected with PT Rimau Resources and its ultimate beneficial owners.

Pursuant to the Ship Acquisition Agreement, the Second Vendor has granted a first right of refusal to the Second Purchaser to acquire the Second Vendor's interest in any other vessels, tugs and barges if any of the Second Vendor intends to sell or transfer any interests therein, for a period of two years after the Completion. The Company has intention to acquire the remaining interest in the Mine Target Company from the minority shareholder in future, subject to mutually agreeable terms. As at the date this announcement, the Company has not commenced any negotiation with the minority shareholder of the Mine Target Company. Save as mentioned above, there is no current arrangement, understanding, agreement or negotiation for asset disposal and further asset acquisition by the Company.

The Company considers that the terms of the Acquisitions are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following chart sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the conversion of the Convertible Bonds and the Convertible Preference Shares to the extent that the First Vendor will be interested in 29.9% of the enlarged issued share capital of the Company (assuming no outstanding Options have been exercised); (iii) immediately after the full conversion of the Convertible Bonds and the Convertible Preference Shares (assuming no outstanding Options have been exercised); and (iv) immediately after the full conversion of the Convertible Bonds and the Convertible Preference Shares and exercise in full of the Options, without taking into account any possible adjustment to the Consideration and assuming there being no other change to the shareholding structure from the date of this announcement:

Shareholding structure

Shareholders	As at the date of this announcement (assuming no adjustment to the Consideration, Convertible Bonds and Convertible Preferred Shares)		Immediately after conversion of Convertible Bonds and Convertible Preference Shares to the extent that the First Vendor will be interested in 29.9% of the enlarged issued share capital of the Company (Note 2)			Immediately after full conversion of Convertible Bonds and Convertible Preference Shares (Note 2)		Immediately after full conversion of Convertible Bonds and Convertible Preference Shares and exercise in full of the Options	
	Approximate % of the voting rights of		No. of Convertible Preference Shares	Approximate % of the voting rights of		Approximate % of the voting rights of		Approximate % of the voting rights of	
	No. of Shares	the Company	No. of Shares	the Company	No. of Shares	the Company	No. of Shares	the Company	
Rayten Limited (Note 1)	175,928,000	45.39%	175,928,000	–	31.82%	175,928,000	20.28%	175,928,000	19.78%
Directors (Note 3)	–	–	–	–	–	–	–	11,243,200	1.26%
First Vendor (Note 4)	–	–	165,337,019	240,000,000	29.90%	480,000,000	55.32%	480,000,000	53.95%
Public Shareholders	211,701,600	54.61%	211,701,600	–	38.28%	211,701,600	24.40%	222,534,400	25.01%
	<u>387,629,600</u>	<u>100.00%</u>	<u>552,966,619</u>	<u>240,000,000</u>	<u>100.00%</u>	<u>867,629,600</u>	<u>100.00%</u>	<u>889,705,600</u>	<u>100.00%</u>

Notes:

- Ms. Li Mei Lin and Mr. Li Man Shun beneficially owns 30,600 shares and 29,700 shares, respectively, in Rayten Limited, representing, 34% and 33%, respectively, of the issued share capital of Rayten Limited, which in turn owns 175,928,000 Shares.
- The figures are provided for illustrative purposes only. The terms of the Convertible Bonds and Convertible Preference Shares do not permit conversion if, immediately after such conversion, the holder of the Convertible Bonds and Convertible Preference Shares and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in 30% or more of the issued share capital of the Company (or in such percentage as may from time to time be specified the Takeovers Code as being the level for triggering a mandatory general offer).

3. As at the date of this announcement, the Company has 22,076,000 outstanding Options which entitled the option holders to subscribe for 22,076,000 Shares. Of the 22,076,000 outstanding Options, 11,243,200 Options were held by the Directors and 10,832,800 Options were held by employee of the Company.
4. Agritrade, WSJ and Lim Beng Kim, collectively the First Vendor, will be regarded as parties acting in concert under the Takeovers Code.

POSSIBLE CONTINUING CONNECTED TRANSACTIONS

Upon Completion, Ng Xinwei (being a substantial shareholder of the Ship Target Company) and his associates will become connected persons of the Company. The Directors are currently negotiating with Integral Marine (which is beneficially owned as to 90% by Ng Xinwei) the terms on a ship management services agreement and a charter party agreement which are intended to govern the future ship management services and the future vessel-chartering respectively between the Ship Target Company and Integral Marine. As these transactions will constitute continuing connected transactions of the Company after completion of the Acquisitions and additional time is required to negotiate and finalise the terms thereof, the Directors are of the view that it is in the interests of the Company and the Shareholders as a whole that the terms of these continuing connected transactions be finalised and disclosed to the Shareholders prior to seeking shareholders' approvals for the Acquisitions. A separate announcement will be made by the Company in respect of the details of the continuing connected transactions as soon as practicable.

LISTING RULES IMPLICATION

As one of the Second Vendor, Ng Say Pek, is the 80% beneficial owner of Agritrade, one of the First Vendor, the Mine Acquisition and the Ship Acquisition shall be aggregated under Rule 14.22 of the Listing Rules. Hence, the Acquisitions and the transactions contemplated under the Mine Acquisition Agreement and the Ship Acquisition Agreement constitute a very substantial acquisition of the Company under the Listing Rules. Accordingly, the Acquisitions contemplated under the Mine Acquisition Agreement and the Ship Acquisition Agreement are conditional upon, among other things, the approval by the Shareholders at the SGM. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the First Vendor and Second Vendor, their respective ultimate beneficial owners and their respective associates does not hold any Shares, options or securities convertible into Shares as at the date of this announcement and are independent of the Company and its connected persons. As no Shareholder has any material interest in the Acquisitions, it is expected that no Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the SGM to approve the Mine Acquisition Agreement and the Ship Acquisition Agreement and the transactions contemplated thereunder respectively.

DELAY IN DESPATCH OF CIRCULAR

The Circular containing, among other things, (i) further details of the Acquisitions; (ii) financial information of the Group and the Mine Target Group and the Ship Target Group; (iii) pro forma financial information of the Group as enlarged by the Mine Target Group and the Ship Target Group; and (iv) the notice of SGM will be sent to the Shareholders as soon as possible.

Pursuant to Rule 14.38A and Rule 14.48 of the Listing Rules, the Circular is required to be despatched to the Shareholders within 21 days after publication of this announcement, i.e. on or before 18 December 2009. However, it is currently expected that it will take about 12 weeks for the Company to obtain the technical report of the Mine, and the accountants' reports on the Mine Target Group and the Ship Target Group. The Company has therefore applied to the Stock Exchange for a waiver from strict compliance with Rule 14.38A and Rule 14.48 of the Listing Rules and an extension of time for despatch of the Circular to on or before 25 February 2010.

As the Acquisitions are subject to a number of conditions precedent, it may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the issued Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 18 November 2009 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the issued Shares with effect from 9:30 a.m. on 27 November 2009.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Acquisitions”	the Mine Acquisition and the Ship Acquisition
“Agritrade ”	Agritrade International Pte. Ltd, a company incorporated in Singapore with limited liability which is beneficially owned as to 80% by Ng Say Pek and as to 20% by Lim Chek Hwee as at the date of this announcement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than Saturdays, Sundays and such other days where a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above is in force in Hong Kong), on which licensed banks in Hong Kong are open for business throughout their normal business hours
“BVI”	the British Virgin Islands

“CB Conversion Price”	the initial conversion price of the Convertible Bonds, being HK\$1.50 (subject to adjustments for subdivision or consolidation of Shares, rights issue and distribution in species and other usual dilutive events in accordance with the terms of the issue of the Convertible Bonds)
“Circular”	the circular to be issued to the Shareholders by the Company in accordance with the Listing Rules in respect of, among other things, further details of the Acquisitions and the transactions contemplated under the Mine Acquisition Agreement and the Ship Acquisition Agreement
“Coal”	coal to be mined from the Mine
“Coal Production-Operation Mining Permit”	the production-operation mining business permit to be held by the Indonesia Mining Company for performing production-operation activities by or on behalf of the Indonesia Mining Company for the Mineral Resources over the Mine exclusively pursuant to the Mineral Laws
“Coal Exploration Licence”	the mining permit exploration of coal No. 288 Year 2009 held by the Indonesia Mining Company for the mining and exploration work by or on behalf of the Indonesia Mining Company for the Mineral Resources over the Mine exclusively pursuant to the Mineral Laws
“Company”	Kwong Hing International Holdings (Bermuda) Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the Acquisitions in accordance with the Mine Acquisition Agreement and Ship Acquisition Agreement
“Completion Date”	the date on which the Completion occurs
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the purchase of the First Sale Shares, being the sum of HK\$840 million (subject to adjustment)
“Conversion Share(s)”	initially, 480 million new ordinary Shares (subject to adjustment as provided under the Convertible Bonds and terms of the Convertible Preference Shares, as the case may be), which may be allotted and issued upon exercise by: (i) the bondholder(s) of the conversion rights attached to the Convertible Bonds; and (ii) the holders of the Convertible Preference Shares of the conversion rights attached to the Convertible Preference Shares

“Convertible Bonds”	the HK\$360 million zero coupon convertible bonds due on the tenth anniversary of the Completion Date in registered form to be issued at Completion to the First Vendor by the Company for the purpose of settlement of part of the Consideration
“Convertible Preference Shares”	up to 240 million new convertible preference shares of the Company, being a new class of shares of the Company, to be created and issued at Completion to the First Vendor by the Company at an issue price of HK\$1.50 per convertible preference share, credited as fully paid, for the purpose of settlement of part of the Consideration
“CPS Conversion Price”	the initial conversion price of the Convertible Preference Shares, being HK\$1.50 (subject to adjustments for subdivision or consolidation of Shares, rights issue and distribution in species and other usual dilutive events in accordance with the terms of the issue of the Convertible Preference Shares)
“Director(s)”	the director(s) of the Company
“First Deed of Capitalisation”	the deed of capitalisation to be entered into between all the shareholders of the Mine Target Company (including the First Vendor) and the Mine Target Company immediately before Completion pursuant to which the Mine Target Company shall allot and issue such number of new shares, credited as fully paid, to such shareholders in proportion to their respective shareholdings in the Mine Target Company in order to capitalise and settle the shareholders’ loans due by the Mine Target Company
“First Purchaser ”	Tiger Courage Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Company
“First Sale Shares”	60% of the entire issued share capital in the Mine Target Company immediately before completion of the Mine Acquisition
“First Vendor”	collectively, Agritrade, WSJ, and Lim Beng Kim
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of the Company and connected persons (as defined under the Listing Rules) of the Company

“Indonesia”	Republic of Indonesia
“Indonesia Mining Company”	PT Senamas Energindo Mineral, a limited liability company incorporated in Indonesia, which was legally and beneficially owned as to 35% by Mr. Wang Chia Ing, 35% by Mr. Budy Dinata and 30% by Mr. Ridwan Andi Wattiri as at the date of the Mine Acquisition Agreement. Immediately after completion of the Reorganisation and upon Completion, the entire issued share capital of the Indonesia Mining Company shall be beneficially owned as to 95% and 5% by the Mine Target Company and PT Rimau Resources respectively. The Indonesia Mining Company is the holder of the Coal Exploration Licence for the exploration of the Mine and will, prior to Completion, become the holder of the Coal Production-Operation Mining Permit for the Mine
“Integral Marine ”	Integral Marine Services Pte. Ltd, a company incorporated in Singapore with limited liability which is beneficially owned as to 90% by Ng Xinwei and as to 10% by an Independent Third Party
“Last Trading Day”	17 November 2009, being the last trading day for the Shares before the date of this announcement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2010, or such later date as the parties to the Mine Acquisition Agreement and Ship Acquisition Agreement, as the case may be, may agree
“Mine”	a mine of an area of 2,000 hectares in the Province of Central Kalimantan, Indonesia, being the subject of the Coal Exploration Licence No. 288 Year 2009 currently held by the Indonesia Mining Company
“Mine Acquisition”	the proposed acquisition of the First Sale Shares by the First Purchaser pursuant to the Mine Acquisition Agreement
“Mine Acquisition Agreement”	the conditional acquisition agreement dated 17 November 2009 entered into between the First Purchaser, the First Vendor and the Company in relation to the Mine Acquisition

“Mine Target Company”	PT Rimau Indonesia, a foreign investment company (PMA) established in Indonesia, the entire issued share capital of Mine Target Company was legally and beneficially owned as to 32% by Agritrade, 32% WSJ, 32% by PT Rimau Resources and 4% by Lim Beng Kim respectively as at the date of the Mine Acquisition Agreement. Immediately after completion of the Reorganisation and upon Completion, the entire issued share capital of the Mine Target Company shall be beneficially owned as to 60%, 8% and 32% by the First Purchaser, WSJ and PT Rimau Resources respectively
“Mine Target Group”	the Mine Target Company and the Indonesia Mining Company, and other subsidiary of the Target Company (if any) as of the Completion Date
“Mineral Laws”	the law of Indonesia concerned with mineral resources, as amended, modified or replaced from time to time, and such other rules, regulations, measures and policies formulated and promulgated by the governmental agencies or public bodies of Indonesia (including without limitation national, provincial and other local authorities)
“Mineral Resources”	mineral resources containing the Coal in the Mine
“Options”	22,076,000 outstanding share options which was granted by the Company, with exercise price ranging from HK\$0.51 per Share to HK\$1.04 per Share
“Permit(s)”	refer to (i) permit, licence, consent, approval, certificate, qualification, specification, registration or other authorisation; or (ii) a filing of a notification, report or assessment, in each case necessary for the effective operation of the business of the Mine Target Group and their respective ownership, possession, occupation or use of an asset
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Promissory Note(s)”	the promissory note with an interest of 2.5% per annum in the principal amount of HK\$120 million to be issued by the Company in favour of the First Vendor at Completion to satisfy in part of the Consideration
“Relevant Approvals”	the Coal Exploitation Licence and such approvals held by the Indonesia Mining Company and such Permits to be obtained by the Mine Target Company and/or the Indonesia Mining Company pursuant to the Mine Acquisition Agreement

“Reorganisation”	the proposed reorganisation of the Mine Target Company and the Indonesia Mining Company as described in the paragraph headed “Reorganisation” under the section headed “Information on the Mine Target Group” in this announcement
“Second Deed of Capitalisation”	the deed of capitalisation to be entered into between all the shareholders of the Ship Target Company (including the Second Vendor) and the Ship Target Company immediately before Completion pursuant to which the Ship Target Company shall allot and issue such number of new shares, credited as fully paid, to such shareholders in proportion to their respective shareholdings in the Ship Target Company in order to capitalise and settle the shareholders’ loans due by the Ship Target Company
“Second Purchaser ”	Fair Cypress Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Company
“Second Sale Shares”	the entire issued share capital in the Ship Target Company immediately before completion of the Ship Acquisition
“Second Vendor”	collectively, Ng Say Pek, and Ng Xinwei
“SGM”	a special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, inter alia, the Mine Acquisition Agreement, the Ship Acquisition Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Conversion Shares, the Convertible Bonds, the Convertible Preference Shares and the Promissory Notes
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Ship Acquisition”	the proposed acquisition of the Second Sale Shares by the Second Purchaser pursuant to the Ship Acquisition Agreement
“Ship Acquisition Agreement”	the conditional acquisition agreement dated 17 November 2009 entered into between the Second Purchase, the Second Vendor and the Company in relation to the Ship Acquisition

“Ship Target Company ”	Rimau Shipping Pte. Ltd., a company incorporated in Singapore with limited liability which is beneficially owned as to 50% by Ng Say Pek and as to 50% by Ng Xinwei as at the date of the Ship Acquisition Agreement. Upon Completion, the entire issued share capital of the Ship Target Company shall be wholly and beneficially by the Second Purchaser
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers and Repurchases as published by the Securities and Futures Commission
“Technical Adviser”	such firm of technical advisers as to mining agreed between the First Vendor and the First Purchaser
“Valuation”	the value of the Mine as shown in the valuation report to be included in the Circular
“WSJ ”	WSJ International Sdn Bhd (formerly known as Wood Star Jaya Sdn Bhd), a company incorporated in Malaysia with limited liability which is beneficially owned as to approximately 31.32% by Mr. Iqbal Bin Mohd Ayub, 31.32% by Mr. Nor Raihan Bt Ahmad Kamarudin, 31.35% by Mr. Mohamed Basir Bin Maidin, 3% by Mr. Dato’ Abdul Manap Bin Abdul Wahab and 3% by Mr. Selvarajan A/L Maruthamuthu as at the date of this announcement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“IDR”	Indonesian Rupiah(s), the lawful currency of Indonesia
“S\$”	Singapore dollar(s), the lawful currency of Singapore
“US\$”	United States dollar(s), the lawful currency of the United States of America

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

Hong Kong, 27 November 2009

For the purpose of this announcement, all amounts denominated in S\$ and IDR have been translated (for information only) into HK\$ using the exchange rates of S\$1.00=HK\$5.5941 and IDR1,209=HK\$1.00 respectively.

As at the date of this announcement, the Board comprises Mr. Li Man Ching, Ms. Li Mei Lin, Mr. Li Man Shun and Mr. Fung Chi Ki as executive directors, and Mr. Tsui Wing Yin, Mr. So Kin Wah and Mr. Lee Pui Shing as independent non-executive directors.

** for identification purpose only*