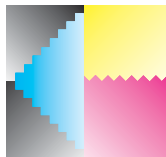


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KWONG HING INTERNATIONAL HOLDINGS (BERMUDA) LIMITED

廣興國際控股有限公司

(Incorporated in Bermuda with limited liability)

(stock code: 1131)

CONTINUING CONNECTED TRANSACTIONS

THE CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement made by the Company dated 27 November 2009 in relation to the acquisition of the Ship Target Company by the Second Purchaser from the Second Vendor. It is contemplated that upon completion of the Ship Acquisition, certain transactions entered into between the Ship Target Company and Integral Marine will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

On 4 February 2010, the Ship Target Company entered into (i) the Tenancy Agreement with Ng Say Pek; and (ii) the Ship Management Agreement and the Charter Party Agreement with Integral Marine, so as to conduct the Continuing Connected Transactions, conditional upon the completion of the Ship Acquisition.

As (i) Ng Say Pek (being a director of the Ship Target Company); and (ii) Ng Xinwei (being a director of the Ship Target Company) and his associates, including Integral Marine (which is beneficially owned as to 90% by Ng Xinwei) will become connected persons of the Company upon Completion, the transactions contemplated under the Tenancy Agreement, the Ship Management Agreement and the Charter Party Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratio for the transactions contemplated under each of the Tenancy Agreement and the Ship Management Agreement, on an annual basis, is less than 2.5%, and each of the respective annual rental fee and the annual management fee payable by the Ship Target Company is less than HK\$1,000,000, the Tenancy Agreement and the Ship Management Agreement are exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.33 of the Listing Rules. As the Proposed Annual Caps for the transactions contemplated under the Charter Party Agreement is more than the 2.5% threshold and HK\$10,000,000, the Charter Party Agreement is subject to reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

The vote of the Independent Shareholders at the SGM on the relevant resolution shall be taken by poll. Ng Xinwei, Intergral Marine and their respective associates are required to abstain from voting at the SGM on the resolution to approve the Charter Party Agreement and the transactions contemplated thereunder. As at the date of this announcement, Ng Xinwei, Intergral Marine and their respective associates did not hold any Shares.

An Independent Board Committee has been established to advise the Independent Shareholders in relation to the terms of the Charter Party Agreement and the proposed annual caps in respect thereof and an independent financial adviser will be appointed to advise the Independent Board Committee and Independent Shareholders in this respect.

A composite circular containing, among other matters, details of the Acquisitions, the Continuing Connected Transactions and the proposed annual caps thereof, the respective letters of advice from the Independent Board Committee and the independent financial adviser, the financial information of the Group and the Mine Target Group and the Ship Target Group, the pro forma financial information of the Group as enlarged by the Mine Target Group and the Ship Target Company and the notice of SGM will be despatched to the Shareholders on or before 25 February 2010.

THE CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Announcement. It is contemplated that upon completion of the Ship Acquisition, certain transactions entered into between the Ship Target Company and Ng Say Pek and Integral Marine which constitute continuing connected transactions for the Company include the lease of premises, the provision of ship management services and the vessel chartering.

A. Tenancy Agreement

Date:	4 February 2010
Parties:	Ship Target Company (Tenant) Ng Say Pek (Landlord)
Premises:	2nd Floor, 13 Lucky Heights, Singapore 467567, with gross floor area of 24.96 sq.m.
Term:	Commencing from the date of fulfilment of the conditions and ending on 31 March 2012.
Rental fee:	S\$10,008 (equivalent to approximately HK\$55,986) per year (exclusive of rates, management fees, electricity, air conditioning fees, general insurance, telephone and cable lines and other utility charges and sundry expenses).

The rental fee is based on arm's length negotiation between the parties involved with reference to the prevailing market rental and on terms no less favorable to the Ship Target Company than the terms available from the Independent Third Parties.

Payment term: The rental fee shall be payable monthly in advance.

Conditions: The Tenancy Agreement is conditional upon:

- (i) if necessary, the passing by the Independent Shareholders at the SGM to approve the Tenancy Agreement and the transactions contemplated thereunder; and
- (ii) Completion.

If the conditions above have not been satisfied on or before 4:00 pm on the Long Stop Date, or such later date as the parties may agree, the Tenancy Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms hereof.

B. Ship Management Agreement

Date:	4 February 2010
Parties:	Ship Target Company (Vessel owner) Integral Marine (Vessel manager)
Vessels:	Four tugs: SP Power III, SP Power IV, SP Power VI and SP Power VII Two barges: SPFF and SPGG
Services:	<p>The Ship Target Company shall appoint Integral Marine to act as the manager of the Vessels to carry out the management services for the Vessels as follows:</p> <ul style="list-style-type: none">– provision of technical management services, include but not limited to, supervision of maintenance and general efficiency, arrangement and supervision of dry docking, repairs, alterations and upkeep of the Vessels, arrangement of supply of necessary stores, spares and lubricating oil, appointment of surveyors and technical consultants; and– provision of commercial management services, include but not limited to, monitoring the Vessels daily movements and daily reporting, issuance of voyage instructions, appointment of agents and stevedores, arrangement of surveys associated with the commercial operation of the Vessels.
Term:	Commencing from the date of fulfilment of the conditions and ending on 31 March 2012. The parties may renew the term of the Ship Management Agreement for further period by the Ship Target Company giving prior written notice to Integral Marine one month before the expiry of the term of the Ship Management Agreement. The Company will comply with the relevant Listing Rules when a ship management agreement is entered into by the parties.
Management fee:	<p>S\$2,200 (equivalent to approximately HK\$12,307) per vessel (tug or barge) per month. The total annual management fee of the Vessels will be amounted to S\$158,400 (equivalent to approximately HK\$886,105).</p> <p>The management fee is based on arm's length negotiation between the parties involved with reference to the prevailing market rate of ship management services and on terms no less favorable to the Ship Target Company than the terms available from the Independent Third Parties.</p>

Payment term: The management fee shall be payable monthly in advance.

Conditions: The Ship Management Agreement is conditional upon:

(i) if necessary, the passing by the Independent Shareholders at the SGM to approve the Ship Management Agreement and the transactions contemplated thereunder; and

(ii) Completion.

If the conditions above have not been satisfied on or before 4:00 pm on the Long Stop Date, or such later date as the parties may agree, the Ship Management Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms hereof.

C. Charter Party Agreement

Date: 4 February 2010

Parties: Ship Target Company (Vessel owner)
Integral Marine (Vessel charterer)

Vessels for charter: Four tugs: SP Power III, SP Power IV, SP Power VI and SP Power VII

Two barges: SPFF and SPGG

Term: Commencing from date of fulfilment of the conditions and ending on 31 March 2012.

Charter fee: (i) US\$40,000 (equivalent to approximately HK\$310,000) per vessel (tug or barge) per month for the period from the Completion Date to 31 March 2011; and

(ii) US\$42,000 (equivalent to approximately HK\$325,500) per vessel (tug or barge) per month for the period from 1 April 2011 to 31 March 2012,

commencing from the time the vessel is delivered to the charterer until her redelivery back to the owner. The total annual charter fee of the Vessels will be amounted to US\$2,880,000 (equivalent to approximately HK\$22,320,000) and US\$3,024,000 (equivalent to approximately HK\$23,436,000) for the first and second year respectively.

The charter fee is based on the size and the number of years of usage of each vessel, arm's length negotiation between the parties involved with reference to the prevailing market chartering of vessels and on terms no less favorable to the Ship Target Company than the terms available to the Independent Third Parties.

Payment term: The charter fee shall be payable by the third week of each calendar month or prorated according to the commencement date.

Conditions: The Charter Party Agreement is conditional upon:

- (i) the passing by the Independent Shareholders at the SGM to approve the Charter Party Agreement and the transactions contemplated thereunder; and
- (ii) Completion.

If the conditions above have not been satisfied on or before 4:00 pm on the Long Stop Date, or such later date as the parties may agree, the Charter Party Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms hereof.

Proposed annual caps

The proposed annual caps of the charter fee income of the Ship Target Company for the vessel chartering are set out as follows:

Year ending

31 March 2011 US\$2,880,000 (equivalent to approximately HK\$22,320,000)

31 March 2012 US\$3,024,000 (equivalent to approximately HK\$23,436,000)

The annual cap amounts are determined with reference to the aggregate charter fee for the Vessels payable by Integral Marine pursuant to the Charter Party Agreement during each financial year.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

The Group is principally engaged in manufacture and sale of knitted fabric and dyed yarns, and provision of dyeing, bleaching, setting and finishing services. The Ship Target Company, whose principal asset is the entire beneficial interest in tugboats and barges, is principally engaged in chartering of vessels. Integral Marine is principally engaged in the provision of ship management services.

Prior to the entering into the Ship Acquisition Agreement, certain transactions had been conducted between the Ship Target Company and Integral Marine which include the provision of ship management services and the chartering for the Vessels and such transactions will constitute continuing connected transactions for the Company upon Completion.

In view of (i) the entering into the Tenancy Agreement is to provide premises for the Ship Target Company to carry out its business; (ii) the entering into the Ship Management Agreement and the Charter Party Agreement is to formalise the existing transactions originally carried on by the Second Vendor and to ensure the continual normal operations of the Ship Target Company; and (iii) the Charter Party Agreement will secure the Ship Target Company's income flow and the Ship Management Agreement will facilitate the vessel operations of the Group, the Directors (excluding the independent non-executive Directors whose views will be provided after taking into account of the independent financial adviser's recommendation) are of the view that the terms of the Tenancy Agreement, the Ship Management Agreement and the Charter Party Agreement are arrived at after arm's length negotiation between the parties thereto, and are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATION

As (i) Ng Say Pek (being a director of the Ship Target Company); and (ii) Ng Xinwei (being a director of the Ship Target Company) and his associates, including Integral Marine (which is beneficially owned as to 90% by Ng Xinwei) will become connected persons of the Company upon Completion, the transactions contemplated under the Tenancy Agreement, the Ship Management Agreement and the Charter Party Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratio for the transactions contemplated under each of the Tenancy Agreement and the Ship Management Agreement, on an annual basis, is less than 2.5%, and each of the respective annual rental fee and the annual management fee payable by the Ship Target Company is less than HK\$1,000,000, the Tenancy Agreement and the Ship Management Agreement are exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.33 of the Listing Rules. As the proposed annual caps for the transactions contemplated under the Charter Party Agreement is more than the 2.5% threshold and HK\$10,000,000, the Charter Party Agreement is subject to reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

The vote of the Independent Shareholders at the SGM on the relevant resolution shall be taken by poll. Ng Xinwei, Intergral Marine and their respective associates are required to abstain from voting at the SGM on the resolution to approve the Charter Party Agreement and the transactions contemplated thereunder. As at the date of this announcement, Ng Xinwei, Intergral Marine and their respective associates did not hold any Shares.

An Independent Board Committee has been established to advise the Independent Shareholders in relation to the terms of the Charter Party Agreement and the proposed annual caps in respect thereof and an independent financial adviser will be appointed to advise the Independent Board Committee and Independent Shareholders in this respect.

A composite circular containing, among other matters, details of the Acquisitions, the Continuing Connected Transactions and the proposed annual caps thereof, the respective letters of advice from the Independent Board Committee and the independent financial adviser, the financial information of the Group and the Mine Target Group and the Ship Target Group, the pro forma financial information of the Group as enlarged by the Mine Target Group and the Ship Target Company and the notice of SGM will be despatched to the Shareholders on or before 25 February 2010.

DEFINITIONS

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

“Acquisition”	has the meaning ascribed thereto in the Announcement
“Announcement ”	the announcement made by the Company dated 27 November 2009 in relation to the very substantial acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Charter Party Agreement”	the charter party agreement dated 4 February 2010 entered into between the Ship Target Company and Integral Marine in relation to the chartering for the Vessels
“Circular”	has the meaning ascribed thereto in the Announcement
“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”	has the meaning ascribed thereto in the Announcement
“Completion Date”	has the meaning ascribed thereto in the Announcement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transaction”	the transactions contemplated under the Tenancy Agreement, the Ship Management Agreement and the Charter Party Agreement

“Director(s)”	the director(s) of the Company
“First Vendor”	has the meaning ascribed thereto in the Announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising three independent non-executive Directors, namely Mr. Tsui Wing Yin, Mr. So Kin Wah and Mr. Lee Pui Shing, which has been formed for the purpose of advising the Independent Shareholders as to terms of the Charter Party Agreement and the proposed annual caps in respect thereof
“Independent Shareholders”	Shareholders other than any Shareholder who has a material interest in the continuing connected transactions concerned and its associates
“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
“Integral Marine ”	has the meaning ascribed thereto in the Announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	has the meaning ascribed thereto in the Announcement
“Mine”	has the meaning ascribed thereto in the Announcement
“Mine Target Group”	has the meaning ascribed thereto in the Announcement
“Second Purchaser ”	has the meaning ascribed thereto in the Announcement
“Second Vendor”	has the meaning ascribed thereto in the Announcement
“SGM”	a special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, inter alia, (i) 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; and (ii) the Charter Party Agreement and the transactions contemplated thereunder

“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”	has the meaning ascribed thereto in the Announcement
“Ship Acquisition Agreement”	has the meaning ascribed thereto in the Announcement
“Ship Management Agreement”	the ship management agreement dated 4 February 2010 entered into between the Ship Target Company and Integral Marine in relation to the provision of management services for the Vessels
“Ship Target Company ”	has the meaning ascribed thereto in the Announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 4 February 2010 entered into between the Ship Target Company and Ng Say Pek in relation to the lease of the premises situated at 2nd Floor, 13, Lucky Heights, Singapore 467567
“Vessels”	Four tugs (namely, SP Power III, SP Power IV, SP Power VI and SP Power VII) and two barges (namely, SPFF and SPGG)
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“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, 4 February 2010

For the purpose of this announcement, all amounts denominated in S\$ and US\$ have been translated (for information only) into HK\$ using the exchange rates of S\$1.00=HK\$5.5941 and US\$1.00=HK\$7.75 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*