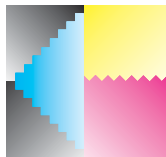


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## **KWONG HING INTERNATIONAL HOLDINGS (BERMUDA) LIMITED**

**廣興國際控股有限公司 \***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1131)**

### **MEMORANDUM OF UNDERSTANDING IN RELATION TO POSSIBLE ACQUISITION**

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

#### **MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION**

The Board announces that on 16 August 2010 (after trading hours), Newtowne, a wholly-owned subsidiary of the Company, entered into the non-legally binding MOU with the Vendor in relation to the Possible Acquisition.

The asset to be acquired is 80% interest of the Target Coal Mine. The Vendor is a company incorporated in Hong Kong. As at the date of this Memorandum, the Vendor is undergoing the Reorganisation such that immediately after the Reorganisation, the Vendor will wholly and directly hold the legal title of the Target Coal Mine.

**The Board wishes to emphasize that the Proposed Acquisition is subject to, among other things, the signing of the Formal Agreement and the terms and conditions of which are yet to be agreed. As the Proposed Acquisition may or may not proceed, investors and Shareholders are advised to exercise caution when dealing in the Shares. Further announcement in respect of the Proposed Acquisition will be made by the Company should any Formal Agreement be entered into as and when appropriate in accordance with the Listing Rules.**

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

## MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION

The Board announces that on 16 August 2010 (after trading hours), Newtowne, a wholly-owned subsidiary of the Company, entered into the non-legally binding MOU with the Vendor in relation to the Possible Acquisition.

### MOU

Date: 16 August 2010

### Parties:

As Purchaser: Newtowne Management Limited (信通管理有限公司), a wholly-owned subsidiary of the Company

As Vendor: China Grace Limited (中暉有限公司)

**Asset to be acquired:** 80% interest of the Target Coal Mine

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its associates, is not a connected person of the Company and is an independent third party not connected with the Company and its connected persons.

### MAJOR TERMS OF THE MOU

#### Consideration

The consideration of Proposed Acquisition will be further discussed and determined after the due diligence to be performed by the parties.

Upon the signing of the MOU or on a later date as mutually agreed by the parties, a partial refundable deposit in the amount of HK\$ 3 million (the "**Deposit**") will be deposited to a Hong Kong law firm appointed by the parties for the Proposed Acquisition. As agreed by both parties, if the Proposed Acquisition can be completed, the entire amount of the Deposit (HK\$3 million) will be used to offset the part of the acquisition consideration. If the Proposed Acquisition cannot come to a legal binding Formal Agreement within the Exclusive Period, both parties agree that after deducting the HK\$1 million of the Deposit (which both parties agree to be utilized as the professional fee for the due diligence exercise), the remaining amount of the Deposit of HK\$2 million will be refunded to Newtowne on the first business day after the Exclusive Period.

## **Exclusivity**

The parties agree that the period commencing from the date of the MOU to 31 December 2010 will be the exclusive period (the “**Exclusive Period**”) for Newtone. Apart from Newtone and Newtone’s appointee, the Vendor, the Target Coal Mine and 天德潤工 undertake not to carry out any discussion and or negotiation regarding the sale or other disposition of itself and/or the Target Coal Mine during the Exclusive Period. The Exclusive Period can be further extended subject to the mutual agreement of both parties.

## **Formal Agreement**

As a condition of entering into the Formal Agreement, prior to completion of the due diligence exercise to be conducted by Newtone, the Vendor will procure and implement the Reorganisation such that before entering into the Formal Agreement, the Vendor will wholly and directly hold the legal title of the Target Coal Mine.

Both parties will negotiate in good faith towards one another for entering into the Formal Agreement.

The parties agree that the Vendor shall obtain approval from the relevant authority for the extension of the validity period of the mining and exploration licence in respect of the Target Coal Mine on or before completion of the Proposed Acquisition (or such other date as the parties may agree).

The MOU does not constitute legally-binding commitment to the parties (save and except the paragraphs in relation to the Exclusive Period and the Deposit which shall be legally binding to the parties). The Proposed Acquisition is subject to the execution and completion of the Formal Agreement.

## **Due diligence review**

Newtone and the Vendor agree that upon signing of the MOU, the parties will and will procure the professional parties to conduct the due diligence review of the Target Coal Mine.

## **BACKGROUND INFORMATION ON THE TARGET COAL MINE**

The information contained in this section is provided by the Vendor:

Target Coal Mine is located at 新疆維吾爾自治區昌吉回族自治州昌吉市 with a mining area of 4.13 square kilometers. The mining and exploration licence in respect of the Target Coal Mine will be valid until 20 May 2011 and it is wholly and beneficially owned by 新疆天德潤工貿有限公司 (“天德潤工”). 天德潤工 is a company registered in the People’s Republic of China which is principally engaged in mining resource exploration and development in Xinjiang, the PRC.

**The Board wishes to emphasize that the Proposed Acquisition is subject to, among other things, the signing of the Formal Agreement and the terms and conditions of which are yet to be agreed. As the Proposed Acquisition may or may not proceed, investors and Shareholders are advised to exercise caution when dealing in the Shares. Further announcement in respect of the Proposed Acquisition will be made by the Company should any Formal Agreement be entered into as and when appropriate in accordance with the Listing Rules.**

## **DEFINITIONS**

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Target Coal Mine”	新疆昌吉市廟爾溝煤礦, the Shinjang coal mining asset of which the legal title will be wholly and directly owned by the Vendor immediately after the Reorganisation
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal agreement to be entered into for the Proposed Acquisition
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 16 August 2010 entered into the Vendor and Newtone in relation to the Proposed Acquisition
“Newtone”	Newtone Management Limited (信通管理有限公司), a company incorporated in Hong Kong and is a company wholly and beneficially owned by the Company
“PRC”	the People’s Republic of China

“Proposed Acquisition”	the proposed acquisition of 80% interest of the Target Coal Mine
“Reorganisation”	the acquisition of the interest in the Target Coal Mine and the reorganisation to be conducted by the Vendor such that after such reorganisation, the Vendor will wholly and directly hold the legal title of the Target Coal Mine
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	China Grace Limited (中暉有限公司), a company incorporated in Hong Kong which will wholly and directly hold the legal title of the Target Coal Mine after the Reorganisation
“天德潤工”	a company registered in the People Republic of China, with principal activities in mining resource exploration and development in Xinjiang, which currently wholly and beneficially owns the Target Coal Mine

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

Hong Kong, 16 August 2010.

*As at the date of this announcement, the Board comprises Mr. Li Man Ching, Ms. Li Mei Lin, Mr. Li Man Shun, Mr. Fung Chi Ki and Ms. Lim Beng Kim, Lulu as executive Directors, Mrs. Chen Chou Mei Mei as non-executive Director and Mr. Tsui Wing Yin, Mr. So Kin Wah, Mr. Lee Pui Shing, Mr. Chong Lee Chang and Mr. Chan Cheong Yee as independent non-executive Directors.*

\* *for identification purpose only*