

[For Immediate Release]



***Kam Hing Establishes a Joint Venture to  
Further Increase its Production Capacity***

[1 January 2007, Hong Kong] – Kam Hing International Holdings Limited (the “Group”; SEHK stock code:2307), one of the premier yarn knitting and fabric dyeing manufacturers in Hong Kong, today announced that one of the Group’s indirect wholly-owned subsidiary, Highkeen Enterprises Limited (“Highkeen”), the Group, Mr. Chin Tai Wing, Special Skill Piece Works (International) Limited (“Special Skill”), Chung Lap Dyeing and Finishing Company Limited (“Chung Lap Dyeing”) and Sing Pong (China) Limited (“Sing Pong”) entered a joint venture agreement (“the Agreement”) to establish a joint venture company in Hong Kong (“the JV Company”), which will be the holding company of wholly foreign-owned enterprise in China (“the PRC Company”).

Pursuant to the Agreement, Highkeen and Special Skill will contribute a total of approximately HK\$107,500,000 to the JV Company. Highkeen agreed to contribute a sum of HK\$64,500,000 in cash and assets as capital contribution to the JV Company while Special Skill agreed to contribute a sum of HK\$43,000,000 in cash and assets as capital contribution to the JV Company, which will be owned beneficially as to approximately 60% and 40% by Highkeen and Special Skill respectively. Highkeen and Special Skill will contribute additional funding to the JV Company and the PRC Company (collectively as “the JV Group”) by subscription of new shares, loans or other financing channels in the proportion to their shareholding in the JV Company. Highkeen may use reasonable endeavour obtain or procure banking facilities or provide shareholder’s loan in an aggregate sum of not more than HK\$61,000,000 to the JV Group. Such loan is procured and/or provided in proportion to shareholding of Highkeen and Special Skill in the JV Company.

The principal business of the JV Company will be investment holding and trading of finished fabrics. The authorised share capital of the JV Company will be HK\$200,000,000 divided into 200,000 shares of HK\$1,000 each. The PRC Company will be located in An Tang Zhou Section, Enping Shi, Guangdong Province, the PRC. It will be mainly engaged in the manufacture and trading of knitted and dye fabrics. The proposed investment amount of the PRC Company is US\$20,000,000 (equivalent to approximately HK\$156,000,000) and the proposed registered capital is US\$12,000,000 (equivalent to approximately HK\$93,600,000). The initial term of the PRC Company’s operation is 20 years from its establishment.

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Commenting on the JV agreement, Kam Hing's Chairman, Mr. Tai Chin Chun, said, "Leveraged on more than 20 years of experience of Chung Lap Dyeing in the industry of dyeing and finishing of knitted fabrics and more than 15 years of experience of Sing Pong in the industry of finishing knitted fabrics, the establishment of the JV Company would increase the Group's production capacity and allow us to syndicate Highkeen and Special Skill's expertise in the knitted and dyed fabrics industry."

Trading in shares in the Stock Exchange of Hong Kong was suspended with effect on 28 December, 2006 and will resume on 2 January 2007.

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#### **About Kam Hing**

Kam Hing is one of the leading yarn knitting, yarn dyeing and fabric dyeing manufacturers in Hong Kong. Through its efficient vertical integrated production facilities in Panyu, Guangdong Province, the Company has become a preferred partner for many international fashion apparel operators. It is a one-stop-shop for all design, yarn dyeing, knitting, bleaching, fabrics dyeing, setting and finishing processes for finished fabrics and garment manufacturing.

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