

**KAM HING INTERNATIONAL HOLDINGS LIMITED**

錦興國際控股有限公司

Announces 2009 Interim Results**Core textile business grows steadily****Important milestone in the investment of iron resources exploration and exploitation****Financial Highlights**

For the half year ended 30 June	2009 Interim (Unaudited) HK\$million	2008 Interim (Unaudited) HK\$million	Change
Turnover	1,236	1,152	7.3%
Gross profit	218	236	-7.6%
Profit attributable to ordinary equity holders of the Company	46.3	51.3	-9.7%
Earnings per share (HK cents)	7.2	8.0	-10%

(15 September 2009 – HONG KONG) Kam Hing International Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2009 (the “Period”).

The Group continues to be a leading company in the global textile market. For the Period, our revenue in manufacturing and sale of fabrics, dyed yarn and garment products increased by approximately 7.3% to HK\$1,235.5 million (six months ended 30 June 2008: HK\$1,151.8 million). Gross profit decreased by approximately 7.6% to approximately HK\$218.1 million (six months ended 30 June 2008: HK\$236.0 million) while net profit attributable to ordinary equity holders of the Company decreased by approximately 9.7% to HK\$46.3 million (six months ended 30 June 2008: HK\$51.3 million).

In spite of the slowdown in the worldwide market, the Group recorded continuous increase in revenue and improvement in operating efficiency during the Period, which are the results of the enhancement of our internal control, the development of new fabric, the newly acquired customers, as well as the stable revenue growth from the existing customers. However, the Group’s overall gross margin for the Period has decreased to 17.7% from 20.5% as compared to the same period last year. The decrease is mainly due to the drop in the selling price resulting from ferocious market competition, the increased operating cost in Enping new fabric factory during the early stage of operations, and the higher unit costs borne by the Madagascar garment factories, which had lower production volume because of the political disturbance in early 2009.

Commenting the Group's interim results, **Mr. Tai Chin Chun, Chairman of the Company**, said, "facing the challenging operating environment in the global garment market, the Group is optimistic of the operating prospects for the second half of 2009. On the one hand, the political environment of Madagascar has become stable since May 2009. On the other hand, the Group will continuously implement appropriate measures to broaden its customer base, to improve its operation efficiency and cost effectiveness, and to development new fabric, in order to sharpen its competitiveness and profitability. We will also strengthen our upstream and downstream operations with a focus to reinforce its control over raw material supply and marketing effort, as well as to stabilize the sales function. The Group is also confident that the new Enping factory will gradually be operating in full capacity and the efficiency will be significantly enhanced in the second half of 2009 after three months of testing and adjustment, this will provide the Group with additional production to accommodate extra orders, thereby supporting continuous expansion of the Group."

While maintaining its core textile business, the Group will continue to consider diversifying its business into other areas to broaden its source of income. On 14 September 2009, a joint venture* of the Company has successfully bid for the exploration and exploitation right of iron resources in Soalala, Mahajanga, Madagascar with an area of approximately 431.25 square kilometers (the "Soalala Region") through a global public tender involving more than 20 international companies. Soalala Region is one of the largest iron ore reserve region in Madagascar. It is expected that a binding contract will be entered into between the joint Venture and the Government of Madagascar within a short period of time.

Looking ahead, Mr. Tai said, "the Group will be able to maintain its leading position in the global market with our existing technical know-how, the well established business network, and growing production capability and high operation efficiency. The Group will restlessly leverage on these competitive advantages to seize every opportunity of further expansion into potential business area. We are confident of delivering strong values for our shareholders."

**Back in 2008, the Group has formed a joint venture company with Wuhan Iron and Steel (Group) Company for the purpose of acquiring mineral exploration and exploitation right in certain region of Madagascar. Please refer to the announcement enclosed for further details in the structure of the joint venture.*

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