



KAM HING INTERNATIONAL HOLDINGS LIMITED

錦興國際控股有限公司

Kam Hing International Announces Annual Results 2008

Revenue increased 16% to HK\$2,586.6 million

Continue to Expand Production Capacity to Fulfill Customers' Needs

(Hong Kong, 21 April 2009) – Kam Hing International Holdings Limited (“Kam Hing”), together with its subsidiaries (collectively the “Group”) (Stock Code: 2307) today announces its annual results for the financial year ended 31 December 2008.

For the financial year ended 31 December 2008, the Group recorded a revenue of HK\$2,586.6 million (2007: HK\$2,230.8 million), representing an increase of 16% in comparison to the previous financial year. Gross profit for the year ended 31 December 2008 was HK\$482.3 million (2007: HK\$438.8 million), representing an increase of 9.9% in comparison to the previous year. The Group’s net profit attributable to shareholders for the financial year ended 31 December 2008 was HK\$81.7 million (2007: HK\$110.0 million), representing a year-on-year decrease of 25.7%. Net profit margin for the year ended 31 December 2008 was 3.1%, with a decrease from 4.9% in 2007. The fall in net profit margin was mainly due to the increase in operating and distribution costs, the cost of equity-settled share option expense of HK\$14.5 million (2007: HK\$2.9 million), which is recognized in accordance with the HKFRS for the share options granted in November 2007, and the fair value loss of HK\$12.0 million (2007: Nil) from interest rate swap.

The Board of Directors has resolved not to declare any final dividend for the financial year ended 31 December 2008. (2007: HK4.3 cents per share)

Dr. Tai Chin Chun, Chairman of the Group, said, “We are pleased to achieve this financial results, given the financial tsunami affected the global economy in the second half of 2008. Excluding the non-operational accounting treatment, the Group’s net profit reached HK\$108.2 million, which is almost the same with the net profit in year 2007.”

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Expansion of Production Capacity

To cater for increasing orders from existing and new customers, to improve production flexibility and to minimise outsourcings, the Group established the fabric factory, located in Enping, Guangdong Province during the year and the factory commenced production in March 2009, thereby increasing 30% of the Group's fabric production capacity. The additional production capacity enabled the Group to optimise the production workflow in order to ensure products are delivered to our customers in a timely manner.

During the year under review, turnover of our two garment factories in Madagascar went up 95.9% as compared to the previous corresponding year. Production process remains normal in spite of recent political issues in Madagascar.

Investment in a Spinning Factory in Hubei, PRC

Cotton yarn is the Group's major raw material and the cost of which has accounted for over 50% of the Group's turnover. In order to maintain a stable supply and the superior quality of cotton yarn, the Group decided to acquire 25% equity interest in a spinning factory located in Hubei, PRC in April 2008 at RMB32.5 million. In return, the spinning factory began to supply cotton yarn to the Group during the year under review. The acquisition has not only enabled the Group to further its vertical integration and reduce production lead-time, but also enhances the efficiency of the Group's production chain and added another competitive edge to the Group's business.

Dr Tai concluded, " As the operating environment in the PRC is expected to continue to improve, the Group is confident in its ability to seek new orders from both domestic and overseas markets via our strong marketing team and unrivalled research and development capability despite of the slowdown in the textile market in the US and Europe. We will also closely monitor the market situation and adjust marketing strategy accordingly.

With ongoing efforts to optimise the production process and the commencement of the second fabric factory in Enping, the Group will continuously seek to increase its production capacity, efficiency and productivity as well as further strengthen its cotton spinning and garment manufacturing operation. The horizontal and vertical diversifications will enhance the Group's long-term development and sustain the Group's profitability in the long run."

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About Kam Hing International Holdings Limited

Kam Hing is principally engaged in the manufacturing and sales of finished knitted fabrics, dyed yarns and garment products. The Group currently operates two garment factories in Madagascar, Africa, and a garment factory, a knitted fabric factory together with a fabric R&D center and a fabric testing centre in Panyu, the PRC as well as marketing subsidiaries in Korea and Singapore. Recently, the Group established a JV company with an independent third party in Hubei province, the PRC, to ensure stable supply of cotton yarns.