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Kiu Hung International Holdings Limited
僑雄國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00381)

**ISSUE OF PROMISSORY NOTE
FOR SETTLEMENT OF CASH CONSIDERATION IN RELATION TO
THE ACQUISITION OF LUCKY DRAGON**

Reference is made to the circular (the “Circular”) of the Company dated 31 January 2008 in relation to the very substantial acquisition and connected transaction in relation to further acquisition of coal business. Capitalised terms used in this announcement shall have the same meanings as those defined in the Circular unless otherwise specified herein.

**ISSUE OF PROMISSORY NOTE FOR SETTLEMENT OF CASH CONSIDERATION IN
RELATION TO THE ACQUISITION**

Pursuant to the Acquisition Agreement, the Purchaser is required to settle the cash portion of the Consideration in the amount of HK\$157 million (subject to Adjustment A and B) by way of cashier orders upon Completion. As disclosed in the Circular, the Group intends to finance such cash consideration by internal financial resources of the Group, available banking facilities and/or raising of capital from the equity market. As the Company has not yet reached a decision on the form or mix of such financing activities, the Purchaser entered into a letter of amendment with the Vendor on 20 March 2008 after arm’s length negotiation, pursuant to which the Vendor agreed to accept a promissory note (the “**Promissory Note**”) in the amount of HK\$157 million (subject to Adjustment A and B) to be issued by the Company upon Completion in lieu of the settlement of the cash portion of the Consideration. The Promissory Note (i) will not bear any interest, and (ii) will be repayable by the Purchaser within six months from the date of its issuance. The Directors consider the terms of the Promissory Note to be fair and reasonable and are in the best interests of the Company and the Shareholders as a whole. Grand Cathay has confirmed that their opinion as stated in their letter dated 31 January 2008 as disclosed in the Circular will not be affected by the issue of the Promissory Note. In addition, after obtaining a legal opinion from its legal advisers, the Directors are of the opinion that the issue of the Promissory Note in lieu of the cash portion of the Consideration is within the scope of the shareholders’ resolution (the “Resolution”) approved at the EGM held on 18 February 2008. Pursuant to the Resolution, the Directors are authorised to do all such acts and things which they consider necessary in their opinion

to give effect to the Acquisition Agreement and the transactions contemplated thereunder. As the Directors consider that the issue of the Promissory Note is necessary in their opinion to give effect to the Acquisition Agreement and the transactions contemplated thereunder, the issue of the Promissory Note is within the scope of the Resolution.

The Directors are of the view that the issue of the promissory note in lieu of the cash portion of the Consideration does not represent a material change to the terms of the Acquisition Agreement, is not of a price sensitive nature and does not constitute a notifiable transaction for the Company under the provision of Chapter 14 of the Listing Rules.

As all the conditions of the Acquisition Agreement has already been fulfilled as at the date of this announcement, the Directors expect that the Acquisition will be completed on or before 28 March 2008.

By Order of the Board
Kiu Hung International Holdings Limited
Hui Kee Fung
Chairman

Hong Kong, 26 March 2008

As at the date of this announcement, the Board comprises three executive Directors, Mr. Hui Kee Fung, Mr. Hui Ki Yau, Madam Hui Hung Tan, Teresa and three independent non-executive Directors, Mr. Peng Guanghui, Mr. Kung King Ching, Conrad and Mr. Tang Rongzu.