



## **Kiu Hung International Extraordinary General Meeting Approves Acquisitions of Mingrunfeng**

### **- Tapping Energy and Natural Resources Business and Entering into a Diversified and High Growth Development Stage -**

【Hong Kong, 16 April 2007】 Kiu Hung International Holdings Limited (“Kiu Hung International” or the “Company”, stock code: 381) held an extraordinary general meeting (“EGM”) today and approved the acquisitions of the entire equity interests in Mingrunfeng with a total consideration of approximately HK\$139.5 million.

Mingrunfeng owns the exploration license (license certificate number: 1500000720361) to explore a coal mine in Dongwuzhumuqin County, Xilinguolemeng, Inner Mongolia Autonomous Region, the PRC. The coal mine has a site area of approximately 24.91 km<sup>2</sup> and has estimated coal resource of 106 million tonnes as being assessed by Steffen Robertson and Kirsten (Australasia) Pty Ltd (“SRK Consulting”).

Kiu Hung International announced the acquisition of 51% equity interests in Mingrunfeng with a consideration of HK\$20 million (satisfied by cash) on 26 September 2006. In addition, the Company announced the further acquisition of 49% equity interests in Mingrunfeng with a consideration of approximately HK\$119.5 million (to be satisfied by the allotment and issue of 362 million new shares of Kiu Hung International at an issue price of HK\$0.33 per share) on 1 February 2007. The shareholders of Kiu Hung International approved the acquisitions during the EGM held today.

Mr. Joseph Hui, Chairman of Kiu Hung International, said, “It is very important for Kiu Hung International to finalise the acquisitions of Mingrunfeng. It is the first step for the Company to tap the energy and natural resources business and the acquisitions provide a starting point for the Company to enter into a diversified and high growth development stage. Our future development strategy will be focused on two directions, energy and natural resources business and industrial business. Capitalising on a well-established industrial business foundation, we will tap the energy and natural resources business with high growth potential in order to maximise shareholders’ value.”

“As an industrialist experiencing from the energy shortage age in China, I am very confident that continuous economic growth in China will lead to an increasing demand for natural resources and energy. It is a very good opportunity for the Company to acquire Mingrunfeng. We expect that the Mingrunfeng coal project will commence exploitation by the end of 2007 and make positive contribution to the Company,” added Mr. Hui.

According to an independent technical assessment report issued by SRK Consulting, the Mingrunfeng coal project has an excellent potential to be developed into an economic open cut coal mine servicing the domestic thermal market. In addition, as the coal mine has no igneous intrusions and little or no structural features, SRK Consulting concluded that there appears to be no issues that may cause significant impact on the mining of the coal mine. The current on site market price for the coal of the coal mine is around RMB160 Yuan/tonne. The coal resource of the coal mine has been estimated at 106 million tonnes.

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#### **About Kiu Hung International**

Kiu Hung International Holdings Limited (stock code: HKSE 381) is an investment holding company. The Company's subsidiaries are principally engaged in the design and manufacture of a wide range of gifts and toys on OEM and ODM basis. Its wholly owned subsidiary is an authorised manufacturer for the 2008 Beijing Olympic toy products. The Company also engages in decorative flags and garden products business through the Toland brand in the US.

Kiu Hung has diversified into energy and natural resources business by acquiring concessions to explore a coal mine in the Inner Mongolia Autonomous Region of the PRC. The coal mine has a site area of approximately 24.91 km<sup>2</sup> and has estimated coal resource of 106 million tonnes.

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