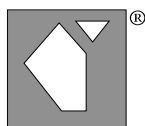


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## **KIN YAT HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 638)**

### **GENERAL DISCLOSURE UNDER RULE 13.09(1) POSSIBLE CONNECTED TRANSACTION AND RESUMPTION OF TRADING**

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

The Company announces that the approval for the transfer of the relevant exploration licence, which has been currently issued in favour of the Partner, to the Target Mining Company has been granted on 26 July 2007. The relevant exploration licence to be issued in favour of the Target Mining Company confers the right to explore the Mine, which is a polymetallic ore mine containing primarily lead, zinc and gold deposits and situated in Xian, Shaanxi Province, the PRC, with an area of approximately 39 square kilometres (subject to verification).

According to the estimates made by the Partner based on the results of the investigation so far, the prospective reserves (遠景儲量) of the Mine would be in a range of 100,000 to 200,000 metric tonnes of metal. The Company believes that if the Possible Acquisition is materialised and upon commercial exploitation of the Mine, the mining operation pertaining to the Mine is expected to make material contributions to the revenue of the Group, and therefore considers that the Possible Acquisition might have impact on the price of the Shares.

The Company has decided to further pursue the discussions with the Sellers (two connected persons of the Company) in relation to the Possible Acquisition.

The above-mentioned discussions between the management of the Company and the Sellers may or may not result in any formal agreement. The Possible Acquisition, if materialised, may constitute a connected transaction, which may not also be a notifiable transaction as all the applicable size test ratios are expected to be less than 5%, for the Company under the Listing Rules. Further announcements will be made by the Company regarding the Possible Acquisition as and when appropriate.

**Shareholders and/or investors should note that the Possible Acquisition may or may not proceed, no legally binding documentation has been executed and discussions are currently not yet at an advanced stage. Accordingly, Shareholders and/or investors are advised to exercise caution when dealing in the Shares.**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 1 August 2007, pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 2 August 2007.

Pursuant to the Company's general obligation of disclosure under Rule 13.09(1) of the Listing Rules, the Company announces that on 31 July 2007 it has been notified by the Target Mining Company that the transfer of the relevant exploration licence, which has been issued in favour of the Partner, to the Target Mining Company has been approved by the relevant regulatory authorities in the PRC on 26 July 2007. The relevant exploration licence to be issued in favour of the Target Mining Company will confer the right to explore the Mine, which is a polymetallic ore mine, containing primarily lead, zinc and gold deposits, situated in Xian, Shaanxi Province, the PRC, with an area of approximately 39 square kilometres (subject to verification).

According to the Target Mining Company, the Partner has completed geological general investigation (地質普查) in the whole Mine and has started geological detailed investigation (地質詳查) in an area of approximately 1.0 square kilometre in the Mine. According to the estimates made by the Partner based on the results of the investigation so far, the prospective reserves (遠景儲量) of the Mine would be in a range of 100,000 to 200,000 metric tonnes of metal. The Company believes that if the Possible Acquisition is materialised and upon commercial exploitation of the Mine, the mining operation pertaining to the Mine is expected to make material contributions to the revenue of the Group, and therefore considers that the Possible Acquisition might have impact on the price of the Shares.

The Target Mining Company, which is majority controlled by the Sellers (two connected persons of the Company), is a domestic joint venture company established in the PRC.

As reported in the annual report of the Group for the year ended 31 March 2007, the Group has been exploring investment opportunities in the natural resources sector in the PRC and is well placed to pursue such opportunities. Given the anticipated transfer of the relevant exploration licence and rights to the Target Mining Company, which should result in the enhancement of its commercial value, the management of the Company considers the Target Mining Company to be one of the more attractive investment opportunities it has encountered in the PRC natural resources sector and has decided to further pursue the discussions with the Sellers in relation to the Possible Acquisition. Currently, the Company is discussing the range of consideration with respect to the Possible Acquisition with the Sellers.

The above-mentioned discussions between the management of the Company and the Sellers may or may not result in any formal agreement. The Possible Acquisition, if materialised, may constitute a connected transaction, which may not also be a notifiable transaction as all the applicable size test ratios are expected to be less than 5%, for the Company under the Listing Rules. Further announcements will be made by the Company regarding the Possible Acquisition as and when appropriate.

**Shareholders and/or investors should note that the Possible Acquisition may or may not proceed, no legally binding documentation has been executed and discussions are currently not yet at an advanced stage. Accordingly, Shareholders and/or investors are advised to exercise caution when dealing in the Shares.**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 1 August 2007, pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 2 August 2007.

## **DEFINITIONS**

“Board”	the board of Directors
“Company”	Kin Yat Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person”	has the same meaning as ascribed to it under the Listing Rules

“Directors”	the directors (including the independent non-executive directors) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange
“Mine”	an area of approximately 39 square kilometres (subject to verification) in which the Partner has been, and the Target Mining Company will be, granted the right to explore a polymetallic ore mine containing primarily lead, zinc and gold deposits and situated in Xian, Shaanxi Province, the PRC
“Partner”	A unit of the of Shaanxi Provincial Bureau of Geological Minerals Exploration and Development, the PRC, and the minority owner of the Target Mining Company
“Possible Acquisition”	the possible acquisition by the Company of an equity interest in the Target Mining Company
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Sellers”	the two connected persons of the Company (by virtue of the fact that they are both directors of a subsidiary of the Company) who collectively majority controls the Target Mining Company
“Shareholder(s)”	holder(s) of the Shares
“Shares”	the shares of par value of HK\$0.1 each in the issued share capital of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“Target Mining  
Company”

the domestic joint venture company established in the PRC currently controlled by the sellers, to which the relevant exploration licence in relation to the Mine will be transferred from the Partner

By order of the Board  
**Kin Yat Holdings Limited**  
**Cheng Chor Kit**  
*Chairman*

Hong Kong, 2 August 2007

*As at the date of this announcement, the Board consists of five executive directors, Mr Cheng Chor Kit, Mr Fung Wah Cheong, Mr Wong Wai Ming, Mr Wong Weng Loong and Mr Yuen Wai Kwong and three independent non-executive directors, Mr Chung Chi Ping, Roy, Mr Wong Chi Wai, Albert and Ms Sun Kwai Yu, Vivian.*