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## **KAM HING INTERNATIONAL HOLDINGS LIMITED**

**錦興國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2307)**

**Financial Advisor to the Company**



### **TOP-UP PLACING OF NEW SHARES AND PRIVATE PLACING OF NON-LISTED WARRANTS AND RESUMPTION OF TRADING**

#### **TOP-UP PLACING OF NEW SHARES**

On 10 August 2009, the Vendor and seven Subscribers entered into the Shares Placing Agreements pursuant to which the Subscribers have agreed to purchase a total of 30,000,000 existing Shares from the Vendor at the Placing Price of HK\$1.20 per Share. On the same date, the Vendor and the Company entered into the Subscription Agreement pursuant to which the Vendor has conditionally agreed to subscribe for the 30,000,000 new Shares at the Subscription Price of HK\$1.20 per Share, which is the same as the Placing Price.

The Placing Price of HK\$1.20 per Share represents (i) a discount of approximately 14.29% to the closing price of HK\$1.40 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 15.01% to the average of the closing prices per Share of HK\$1.412 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

The Subscription Shares represent (i) approximately 4.65% of the existing issued share capital of the Company; (ii) approximately 4.45% of the issued share capital of the Company as enlarged by the Subscription.

The net proceeds of the Top-up Placing is approximately HK\$35.5 million which will be used for the general working capital of the Group.

## **WARRANT PLACING**

On 10 August 2009, the Company and the same seven Subscribers entered into the Warrant Placing Agreements pursuant to which the Subscribers have agreed to subscribe for a total of 30,000,000 Warrants at the Warrant Issue Price of HK\$0.05 per Warrant.

The Warrants entitle the Subscribers to subscribe for a total of 30,000,000 New Warrant Shares at the Warrant Exercise Price of HK\$1.50 per New Warrant Share (subject to adjustment) for a period of 12 months commencing from the date of issue of the Warrants. Each Warrant carries the right to subscribe for one New Warrant Share.

Completion of the Warrant Placing Agreements is subject to the fulfillment of the conditions stated in the section headed "Conditions of the Warrant Placing" in this announcement.

The net proceeds from the Warrant Placing is approximately HK\$0.4 million which will be used for the general working capital of the Group.

The additional proceeds from the issue of the New Warrant Shares upon the full exercise of the subscription rights attaching to the Warrants in future is approximately HK\$45.0 million which will be applied as general working capital and as funds for future development of the Group.

## **RESUMPTION OF TRADING**

Trading in the Shares was suspended with effect from 9:30 a.m. on 10 August 2009 at the request of the Company pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 11 August 2009.

## **THE TOP-UP PLACING**

### **(A) THE SHARES PLACING AGREEMENTS**

**Date** : 10 August 2009

**Parties** : (i) the Vendor; and  
(ii) seven Subscribers

#### **Number of the Placing Shares**

A total of 30,000,000 existing Shares, representing approximately 4.65% of the existing issued share capital of the Company and approximately 4.45% of the issued share capital as enlarged by the Subscription.

#### **Placing Price**

The Placing Price of HK\$1.20 per Share represents:

- (i) a discount of approximately 14.29% to the closing price of HK\$1.40 per Share as quoted on the Stock Exchange on the Last Trading Day; and

- (ii) a discount of approximately 15.01% to the average of the closing price per Share of HK\$1.412 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

The Placing Price was negotiated on an arm's length basis between the Vendor, the Company and the Subscribers. The Directors (including the independent non-executive Directors) consider that the terms of the Shares Placing Agreements (including the Placing Price) are fair and reasonable based on the current market condition and in the interests of the Company and the Shareholders as a whole. After deducting the relevant expenses, the net Placing Price is approximately HK\$1.183 per Share.

### **Rights of the Placing Shares**

The Placing Shares will be sold free of all liens, charges and encumbrances, and together with all rights attaching thereto, including the right to receive all dividends or other distributions declared, made or paid on or after the date of completion of the Shares Placing Agreements.

### **Completion of the Shares Placing**

The Shares Placing Agreements are unconditional and will be completed on or before 14 August 2009.

## **(B) THE SUBSCRIPTION AGREEMENT**

**Date** : 10 August 2009

**Parties** : (i) the Vendor; and  
(ii) the Company

### **Number of the Subscription Shares**

A total of 30,000,000 new Shares will be subscribed by the Vendor, which is the same as the total number of the Placing Shares, representing approximately 4.65% of the existing issued share capital of the Company and approximately 4.45% of the issued share capital of the Company as enlarged by the Subscription.

### **Subscription Price**

The Subscription Price per Share is HK\$1.20 per Share, equivalent to the Placing Price of. After deducting the relevant expenses, the net Subscription Price is approximately HK\$1.183 per Share.

### **Ranking of the Subscription Shares**

The Subscription Shares, when allotted and issued, will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares.

## **Conditions of the Subscription**

The Subscription is conditional upon:

- (1) completion of the Shares Placing pursuant to the terms of the Shares Placing Agreements; and
- (2) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares (and such permission and listing not subsequently being revoked prior to the allotment and issue of the Subscription Shares).

In the event that the conditions are not fulfilled at or before 7:00 p.m. 21 August 2009, all rights, obligations and liabilities of the parties under the Subscription Agreement shall cease and terminate and none of the parties shall have any claim against the other in respect of the Subscription. None of the above conditions may be waived.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## **Completion of the Subscription**

Completion of the Subscription will take place on the next Business Day after the conditions of the Subscription are fulfilled which shall take place on a date which is not later than 14 days after the date of the Shares Placing Agreements. If completion of the Subscription takes place more than 14 days after the date of the Shares Placing Agreements, the Subscription would not fall within the exemption under Rule 14A.31(3)(d) of the Listing Rules and would be subject to the relevant disclosures and shareholders' approval requirements under the Listing Rules regarding connected transactions.

The Company will issue further announcement in the event that the Subscription becomes a connected transaction for the Company under the Listing Rules.

The Directors consider that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

## **WARRANT PLACING**

On 10 August 2009, the Company and the same seven Subscribers entered into the Warrant Placing Agreements pursuant to which the Subscribers have agreed to subscribe for a total of 30,000,000 Warrants at the Warrant Issue Price of HK\$0.05 per Warrant. The number of Shares subscribed under the Shares Placing Agreement and the number of Warrants subscribed under the Warrant Placing Agreement by each Subscriber is the same.

### **Warrant Issue Price and Warrant Exercise Price**

The Warrant Issue Price is HK\$0.05 per Warrant payable in cash.

The Warrant Exercise Price is HK\$1.50 per New Warrant Share, subject to adjustments for, subdivision or consolidation of shares, and issue of Shares by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend scheme in lieu of a cash dividend).

The Warrant Exercise Price represents:

- (i) a premium of approximately 7.14% over the closing price of HK\$1.40 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a premium of approximately 6.23% over the average of the closing prices per Share of HK\$1.412 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

The aggregate of the Warrant Issue Price and the Warrant Exercise Price represents:

- (i) a premium of approximately 10.71% over the closing price of HK\$1.40 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a premium of approximately 9.77% over the average of the closing prices per Share of HK\$1.412 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

It is expected that the net price of each New Warrant Share to be issued upon the exercise of the subscription rights under the Warrants, after deducting necessary related expenses, will be approximately HK\$1.50 per New Warrant Share.

### **Transferability**

The Warrants are transferable in integral multiples of 500,000 Warrants subject to the consent of the Company whose consent shall not be unreasonably refused or withheld. The Company undertakes to comply with the Listing Rules and to make necessary announcement, where appropriate, if and when any Subscriber makes any transfer of the Warrants to other parties requiring disclosure.

### **Completion Date of the Warrant Placing**

Completion of the Warrant Placing will take place on the next Business Day after the fulfillment of the conditions referred to in the section headed “Conditions of the Warrant Placing” below.

### **Information of the Warrants**

The Warrants will be issued to the Subscribers upon completion of the Warrant Placing in registered form and constituted by the instrument creating the Warrants. The Warrants will rank pari passu in all respects among themselves.

Each Warrant carries the right to subscribe for one New Warrant Share at the Warrant Exercise Price and is issued at the Warrant Issue Price.

The subscription rights attaching to the Warrants may be exercised at any time during a period of 12 months commencing from the date of issue of the Warrants. The New Warrant Shares, when allotted and issued, will rank pari passu in all respects with the then existing issued Shares of the Company.

A total of 30,000,000 Warrants are proposed to be issued. Upon full exercise of the subscription rights attaching to the Warrants, a total of 30,000,000 New Warrant Shares will be issued, representing (i) approximately 4.65% of the existing issued share capital of the Company; (ii) approximately 4.45% of the issued share capital of the Company as enlarged by the Subscription; and (iii) approximately 4.26% of the issued share capital of the Company as enlarged by the Subscription and the allotment and issue of the New Warrant Shares.

### **Conditions of the Warrant Placing**

The Warrant Placing is conditional upon:

- (1) (if required) the Stock Exchange shall have approved the issue of the Warrants either unconditionally or subject to conditions to which neither the Company nor the Subscribers shall reasonably object and the satisfaction of such conditions;
- (2) the relevant Shares Placing Agreements with the Subscribers shall have completed in accordance with its terms; and
- (3) the Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject to conditions to which neither the Company nor the Subscribers will reasonably object) listing of, and permission to deal in, the New Warrant Shares which fall to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants.

If the conditions of the Warrant Placing Agreements are not fulfilled at or before 5:00 p.m. on 21 August 2009 or such later date as may be agreed between the Company and the relevant Subscribers, the relevant Warrant Placing Agreements will terminate and cease to have any effect and none of the parties shall have any claim against the other save for any antecedent breaches of the provisions thereof. For the avoidance of doubt, completion of each Warrant Subscription Agreement is not dependent on the others.

### **Voting rights for the holders of the Warrants**

The holder of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being holders of the Warrants. The holder of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

### **GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES AND THE NEW WARRANT SHARES**

The issue of the Subscription Shares and New Warrant Shares will not be subject to Shareholders' approval, and the Subscription Shares and New Warrant Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 8 June 2009 subject to the limit of 128,916,600 Shares (representing approximately 20% of the aggregate nominal amount of the share capital of the Company in issue on that date). The 30,000,000 Subscription Shares to be issued upon completion of the Subscription and the 30,000,000 New Warrant Shares to be allotted and issued upon full exercise of the subscription rights attaching to the Warrants will together utilise approximately 46.54% of the General Mandate.

## **INDEPENDENCE OF THE SUBSCRIBERS**

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Subscribers comprise three individual investors, three corporate investors and a fund, and the Subscribers and its ultimate beneficial owners (where relevant) are independent of and not connected with the Company and its subsidiaries and their connected persons (as defined in the Listing Rules).

## **APPLICATION FOR LISTING**

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

## **REASONS FOR THE TOP-UP PLACING AND WARRANT PLACING AND USE OF PROCEEDS**

The Company was incorporated in Cayman Islands as an exempted company with limited liability and its issued Shares have been listed on Main Board of the Stock Exchange since 23 September 2004. The Group is principally engaged in the manufacturing and selling of knitted fabrics, dyed yarn and garment products, which includes the production processes ranging from cotton spinning, knitting, yarn dyeing, fabric dyeing, final processing and garment manufacturing.

In view of the prevailing market conditions, the Directors are of the view that the Top-Up Placing and the Warrant Placing offer good opportunity to raise further capital to broaden the capital base and to strengthen the financial position of the Group.

The maximum gross proceeds of the Top-Up Placing and Warrant Placing is approximately HK\$37.5 million. The net proceeds from the Top-Up Placing and the Warrant Placing amount to approximately HK\$35.5 million and HK\$0.4 million respectively which will be used for the general working capital of the Group.

The additional proceeds from the issue of the New Warrant Shares upon the exercise of the subscription rights attaching to the Warrants in future up to a maximum amount of approximately HK\$45.0 million will be applied as general working capital and as funds for future development of the Group.

In view of the above, the Directors consider that the Top-Up Placing and the Warrant Placing are appropriate methods of raising further funds for the Company in the circumstances and that the Shares Placing Agreements, the Subscription Agreement and Warrant Placing Agreements, the terms of which have been arrived at after arm's length negotiations between the Company and the Subscribers, are fair and reasonable and that the Top-Up Placing and the Warrant Placing are in the interest of the Company and the Shareholders as a whole.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD**

The Company has not conducted any equity fund raising activities in the twelve months immediately preceding the date of this announcement.



## CHANGES OF SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 644,583,000 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Shares Placing but before completion of the Subscription; (iii) immediately after completion of the Top-up Placing; and (iv) immediately after completion of the Top-up Placing and the issue of the New Warrant Shares upon full exercise of the subscription rights attaching to the Warrants are as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Shares Placing but before completion of the Subscription		Immediately after completion of the Top-up Placing		Immediately after completion of the Top-up Placing and the issue of the New Warrant Shares upon full exercise of the subscription rights attaching to the Warrants	
	Shares	%	Shares	%	Shares	%	Shares	%
Mr. Tai Chin Chun ( <i>Note 1</i> )	382,600,000	59.4	352,600,000	54.7	382,600,000	56.7	382,600,000	54.3
Mr. Tai Chin Wen ( <i>Note 2</i> )	96,000,000	14.9	96,000,000	14.9	96,000,000	14.2	96,000,000	13.6
Other Directors	1,598,000	0.2	1,598,000	0.2	1,598,000	0.2	1,598,000	0.2
Public								
The Subscribers	0	0.0	30,000,000	4.7	30,000,000	4.5	60,000,000	8.6
Existing public Shareholders	164,385,000	25.5	164,385,000	25.5	164,385,000	24.4	164,385,000	23.3
Total	<u>644,583,000</u>	<u>100.00</u>	<u>644,583,000</u>	<u>100.00</u>	<u>674,583,000</u>	<u>100.00</u>	<u>704,583,000</u>	<u>100.00</u>

### Notes:

1. The Shares are held by the Vendor which is beneficially owned by Mr. Tai Chin Chun, the Chairman and an executive Director. Mr. Tai Chin Chun is the younger brother of Mr. Tai Chin Wen and Ms. Cheung So Wan is the spouse of Mr. Tai Chin Chun.
2. The Shares are held by Power Strategy Limited which is a company incorporated in the British Virgin Islands and is beneficially owned by Mr. Tai Chin Wen, an executive Director.

## RESUMPTION OF TRADING

Trading in the Shares was suspended with effect from 9:30 a.m. on 10 August 2009 at the request of the Company pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 11 August 2009.



## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, Sunday and a public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Kam Hing International Holdings Limited, a limited liability company incorporated in the Cayman Islands, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“General Mandate”	the general mandate to issue new Shares granted to the Directors by the Shareholders at the annual general meeting of the Company held on 8 June 2009
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	7 August 2009, being the last day of trading of the Shares on the Stock Exchange immediately before the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Warrant Share(s)”	a total of 30,000,000 new Shares which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants
“Placing Price”	HK\$1.20 per Placing Share
“Placing Shares”	a total of 30,000,000 Shares to be placed by the Vendor pursuant to the Shares Placing Agreements
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholders”	holders of the Shares
“Shares Placing”	the placing of the Placing Shares pursuant to the Shares Placing Agreements
“Shares Placing Agreements”	seven unconditional placing agreements with identical terms all dated 10 August 2009 and entered into between the Vendor and each of the Subscribers in relation to the Shares Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscribers”	six independent individual and corporate investors and a fund
“Subscription”	the subscription by the Vendor for the Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 10 August 2009 and entered into between the Vendor and the Company in relation to the Subscription
“Subscription Price”	HK\$1.20 per Share, equivalent to the Placing Price
“Subscription Shares”	a total of 30,000,000 Shares to be subscribed by the Vendor pursuant to the Subscription Agreement
“Top-Up Placing”	the placing of the Placing Shares pursuant to the Shares Placing Agreements and the subscription for the Subscription Shares pursuant to the Subscription Agreement
“Vendor”	Exceed Standard Limited, a company incorporated in the British Virgin Islands and beneficially owned by Mr. Tai Chin Chun, the Chairman and an executive Director
“Warrant(s)”	30,000,000 non-listed warrants to be issued by the Company at the Warrant Issue Price, each entitles the holders thereof to subscribe for one New Warrant Share at the Warrant Exercise Price at any time during a period of 12 months commencing from the date of issue of the Warrants
“Warrant Exercise Price”	an initial exercise price of HK\$1.50 per New Warrant Share (subject to adjustment) at which holder of the Warrants may subscribe for the New Warrant Shares
“Warrant Issue Price”	HK\$0.05 per unit of Warrant
“Warrant Placing”	a private placing of the Warrants at the Warrant Issue Price pursuant to the Warrant Placing Agreements
“Warrant Placing Agreements”	seven conditional placing agreement with identical terms all dated 10 August 2009 entered into between the Company and each of the Subscribers in relation to the Warrant Placing
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Kam Hing International Holdings Limited**  
**Tai Chin Chun**  
*Chairman*

Hong Kong, 10 August 2009

*As at the date of this announcement, the Board comprises Mr. Tai Chin Chun, Mr. Tai Chin Wen, Ms. Cheung So Wan, Ms. Wong Siu Yuk, Mr. Chong Chau Lam and Mr. Wong Wai Kong, Elmen as executive Directors; and Mr. Chan Yuk Tong, Jimmy, Ms. Chu Hak Ha, Mimi and Mr. Chan Chung Yuen, Lawrence as independent non-executive Directors.*