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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: 02307)**

### ANNOUNCEMENT

The Project would involve an initial funding of about US\$120 million, of which US\$50 million shall be raised through funding from shareholders in proportion to the parties' shareholding ratio in Hong Kong Wisco Guangxin, and US\$70 million shall be raised through debt financing (which shall be guaranteed by shareholders in proportion to the parties' shareholding ratio in Hong Kong Wisco Guangxin). As such, the Group will have a capital commitment of US\$24 million (equivalent to about HK\$187.2 million) towards the Project, thereby constituting a discloseable transaction on the part of the Company under the Listing Rules.

It was agreed in principle among the parties that the remaining approximately 80% equity interests of the Project held by Wisco Group, Guangxin Group and other parties would be injected to the Group and that an international investment bank be engaged as consultant for the purpose of fund raising. The Company will further negotiate with Wisco Group, Guangxin Group and other parties of the Project for the terms and conditions for the injection of the remaining equity interests of the Project to the Group which may involve the participation of Wisco Group, Guangxin Group and/or other parties of the Project to become the strategic shareholder(s) of the Company.

Reference is made to the announcement (the "**Announcement**") of the Company dated 15 September 2009 in relation to the successful outbidding more than 20 international companies by Hong Kong Wisco Guangxin in a global tender for the exploration and exploitation right of iron resources in Soalala, Madagascar, Africa with an area of approximately 431.25 square kilometers (the "**Project**"). Unless otherwise stated herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board wishes to announce that at the meeting of the shareholders of Hong Kong Wisco Guangxin held on 30 September 2009, it was resolved, among other matters, that:

- (a) the shareholding of Hong Kong Wisco Guangxin be restructured such that the entire issued share capital of Hong Kong Wisco Guangxin be effectively owned as to about 39% by Wisco Group, 36% by Guangxin Group, 20% by the Group, and the remaining 5% by other investment holding companies which are independent third parties not connected with the Company and its connected persons within the meaning of the Listing Rules;

- (b) the board (the “**JV Board**”) of Hong Kong Wisco Guangxin shall comprise 7 directors of which 3 directors shall be nominated by Wisco Group, 2 directors shall be nominated by Guangxin Group and 2 directors shall be nominated by the Group. The chairman of the JV Board, the chief operation officer and the chief financial officer shall be nominated by Wisco Group. The vice-chairman shall be nominated by Guangxin Group. The chief executive officer shall be nominated by the Group; and
- (c) the Project would involve an initial funding of about US\$120 million, of which US\$50 million shall be raised through funding from shareholders in proportion to the parties’ shareholding ratio in Hong Kong Wisco Guangxin, and US\$70 million shall be raised through debt financing (which shall be guaranteed in proportion to the parties’ shareholding ratio in Hong Kong Wisco Guangxin). Any further funding requirements of the Project including the amount and the manner it would be raised shall be subject to further agreement by the parties.

It was also agreed in principle among the parties involved that the remaining approximately 80% equity interests of the Project held by Wisco Group, Guangxin Group and other parties would be injected to the Group and that an international investment bank be engaged as consultant for the purpose of fund raising. The Company will further negotiate with Wisco Group, Guangxin Group and other parties of the Project for the terms and conditions for the injection of the remaining equity interests of the Project to the Group which may involve the participation of Wisco Group, Guangxin Group and/or other parties of the Project to become the strategic shareholder(s) of the Company.

As Wisco Group will assume various positions in Hong Kong Wisco Guangxin while being the largest shareholder, Wisco Group will take a leading role in the technology, operation and management of the Project. Based on the information available to the Company, the necessary approval and permit for the Project have been obtained from the relevant PRC regulatory authorities.

Given the initial US\$120 million funding resolved to be contributed and/or guaranteed by the parties in proportion to the parties’ shareholding ratio in Hong Kong Wisco Guangxin, and the Group’s approximately 20% effective interest in the Project, the Company will have a capital commitment of US\$24 million (equivalent to about HK\$187.2 million) towards the Project, thereby constituting a discloseable transaction on the part of the Company under the Listing Rules. It is the intention of the Board that the capital commitment on the part of the Company will be met by the Group’s internal resources and/or other debt/equity financing as may be arranged. In this regard, further announcement will be made by the Company as and when required in compliance with the Listing Rules.

As mentioned above, the Company will further negotiate with Wisco Group, Guangxin Group and other parties of the Project for the terms and conditions for the injection of the remaining equity interests of the Project to the Group. However, no agreement has been signed as at the date of announcement. In this regard, further announcement will be made by the Company as and when required in compliance with the Listing Rules. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 7 October 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; Mr. Lee Cheuk Yin, Dannis as non-executive Director; and Mr. Chan Yuk Tong, Jimmy, Ms. Chu Hak Ha, Mimi and Mr. Chan Chung Yuen, Lawrence as independent non-executive Directors.*