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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)

Placing Agent



Taifook Securities Company Limited

PLACING OF NEW SHARES UNDER GENERAL MANDATE AND RESUMPTION OF TRADING

THE PLACING

On 15 January 2010, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to place the Placing Shares to the Placee(s) at a price of HK\$2.30 each on a best efforts basis.

The Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

The Placing Price of HK\$2.30 represents (i) a discount of approximately 6.12% to the closing price of HK\$2.45 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a premium of approximately 0.09% over the average of the closing prices per Share of HK\$2.298 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent. The Directors consider that the terms of the Placing (including the Placing Price) and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Placing Shares represent approximately 3.88% of the existing issued share capital of the Company and approximately 3.73% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares are to be issued under the General Mandate granted to the Directors at the extraordinary general meeting of the Company held on 7 January 2010.

The net proceeds of the Placing, after deduction of the placing commission and other related expenses of approximately HK\$4.1 million, will be approximately HK\$64.9 million. The Directors intend to use the net proceeds as general working capital of the Group including but not limited to the project for the exploration and exploitation right of iron resources in Soalala, Madagascar, Africa.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 15 January 2010 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 on the Stock Exchange with effect from 9:30 a.m. on 18 January 2010.

THE PLACING AGREEMENT

Date 15 January 2010

Parties

The Company Kam Hing International Holdings Limited

Placing Agent Taifook Securities Company Limited, an Independent Third Party, being the placing agent

The Placing Agent has been appointed to place the Placing Shares on a best efforts basis and will receive a placing commission of 2.5% on the gross proceeds of the Placing. The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placee(s)

There will be one Placee named Lian Wei Fei who is an individual investor and an Independent Third Party.

Number of Placing Shares

Up to 30,000,000 Shares, representing approximately 3.88% of the issued share capital of the Company as at the date of this announcement and approximately 3.73% of the Company's enlarged issued share capital immediately after the Placing Completion.

Placing price

The Placing Price of HK\$2.30 per Placing Share represents:

- (i) a discount of approximately 6.12% to the closing price of HK\$2.45 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a premium of approximately 0.09% over the average of the closing prices of approximately HK\$2.298 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing market price of the Shares. The Board considers that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

After taking into account all the related expenses of the Placing, the net Placing Price is approximately HK\$2.16 per Placing Share.

Condition precedent

The Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

In the event that the above condition is not fulfilled in full by 31 January 2010, all rights, obligations and liabilities of the Company and the Placing Agent under the Placing Agreement shall cease and determine and neither of the parties shall have any claim against the others in respect of the Placing save for any antecedent breach and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination.

Placing Completion

The Placing Completion will take place on the second business day after the Placing Agreement has become unconditional (or such other date as may be agreed by the parties).

Ranking of the Placing Shares

The Placing Shares rank *pari passu* among themselves and with Shares in issue as at the date of this announcement.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Termination

If at any time prior to 6:00 p.m. on the day immediately preceding the Placing Completion, in the reasonable opinion of the Placing Agent, the success of the Placing or the business or financial prospects of the Company or any of its subsidiaries would or might be adversely affected by:

- (i) any material breach of any of the representations, and warranties as set out in the Placing Agreement; or
- (ii) any of the force majeure events as referred to in the Placing Agreement;

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 6:00 p.m. on the day immediately preceding the Placing Completion.

If notice is given pursuant to the above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to any other party in respect of the Placing Agreement save for any rights or obligations which may accrue under the Placing Agreement prior to such termination.

General Mandate to issue the Placing Shares

The issue of the Placing Shares is not subject to Shareholders' approval.

The Placing Shares will be issued under the General Mandate granted to the Directors at the extraordinary general meeting of the Company held on 7 January 2010, subject to the limit up to 154,697,800 Shares (representing 20% of the aggregate nominal amount of the share capital of the Company in issue on that date). The General Mandate has not been utilized. The Placing has utilises approximately 19.39% of the General Mandate such that immediately following the Placing Completion, a total of 124,697,800 Shares will remain unissued under such mandate.

FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following fund raising activities in the past twelve months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
10 August 2009	The top-up placing of 30,000,000 new Shares and private placing of 30,000,000 non-listed warrants	(i) Approximately HK\$35.5 million under the top-up placing of new Shares; (ii) approximately HK\$0.4 million under the private placing of non-listed warrants; and (iii) approximately HK\$45.0 million upon exercise of the subscription rights attached to the warrants	General working capital and future development of the Group	General working capital
7 December 2009	The top-up placing of 61,500,000 new Shares	Approximately HK\$120 million	General working capital including but not limited to the project for the exploration and exploitation of iron resources in Soalala, Madagascar, Africa	The proceeds are kept at the bank account of the Company and have yet to be utilized

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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.

The Board considers that the Placing represents an opportunity to raise additional funds for the Company while broadening the Shareholder and capital base of the Company. The net proceeds from the Placing, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$64.9 million which will be used as general working capital of the Group including but not limited to the project for the exploration and exploitation right of iron resources in Soalala, Madagascar, Africa.

The Directors consider that the terms of the Placing (including the Placing Price) and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this announcement and immediately after the Placing Completion is as follows:

Shareholders	As at the date of this announcement		Immediately after Placing Completion	
	Number of Shares	%	Number of Shares	%
Exceed Standard Limited (<i>Note 1</i>)	382,600,000	49.46	382,600,000	47.62
Power Strategy Limited (<i>Note 2</i>)	96,000,000	12.41	96,000,000	11.95
Chong Chau Lam, an executive Director	300,000	0.04	300,000	0.04
Public				
The Placee(s)	0	0.00	30,000,000	3.73
Existing public Shareholders	<u>294,619,000</u>	<u>38.09</u>	<u>294,619,000</u>	<u>36.66</u>
Total	<u><u>773,519,000</u></u>	<u><u>100.00</u></u>	<u><u>803,519,000</u></u>	<u><u>100.00</u></u>

Notes:

- 1. The entire issued share capital of Exceed Standard Limited is beneficially owned by Mr. Tai Chin Chun, the Chairman and an executive Director.*
- 2. The entire issued share capital of Power Strategy Limited is beneficially owned by Mr. Tai Chin Wen, the Chief Executive Officer and an executive Director.*

SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 15 January 2010 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 on the Stock Exchange with effect from 9:30 a.m. on 18 January 2010.

DEFINITIONS

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

“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“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
“connected persons”	has the meanings as ascribed thereto under the Listing Rules

“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 7 January 2010
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Last Trading Day”	14 January 2010, being the last trading day for the Shares immediately prior to this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individual(s), institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best efforts basis, of up to 30,000,000 Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Taifook Securities Company Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 3 (leveraged foreign exchange trading) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 15 January 2010 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Completion”	completion of the Placing in accordance with the terms and conditions as set out in the Placing Agreement
“Placing Price”	HK\$2.30 per Placing Share
“Placing Shares”	up to 30,000,000 Shares to be placed under the Placing
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“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, 15 January 2010

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.