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If you have sold or transferred all your shares in Kam Hing International Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

PROPOSED REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

*Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders*

ATHENS CAPITAL

Athens Capital Limited

A letter from the Independent Board Committee is set out on page 9 of this circular. A letter from Athens Capital Limited, the independent financial adviser to the Independent Board Committee and the independent shareholders of the Company, is set out on pages 10 to 17 of this circular.

A notice convening an extraordinary general meeting (the “EGM”) of the Company to be held at Units 1-9, 8th Floor, Lucida Industrial Building, 43-47 Wang Lung Street, Tsuen Wan, New Territories, Hong Kong on Thursday, 7 January 2010 at 11:00 a.m. is set out on pages 18 to 20 of this circular. A form of proxy for use at the EGM is also enclosed with this circular.

Whether or not you are able to attend the EGM, you are advised to read the notice and to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. Completion and delivery of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so desire.

21 December 2009

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 8 June 2009 in which the Shareholders had approved, among other matters, the Current General Mandate
“Articles”	the articles of association of the Company
“associates”	have the same meaning as ascribed in the Listing Rules
“Board”	the board of Directors, including all independent non-executive Directors
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	Kam Hing International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Current General Mandate”	the general mandate approved at the AGM to grant to the Directors to allot and issue Shares of up to 20% of the share capital of the Company in issue on the date of the passing of the relevant ordinary resolution, which was 8 June 2009
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at Units 1-9, 8th Floor, Lucida Industrial Building, 43-47 Wang Lung Street, Tsuen Wan, New Territories, Hong Kong on Thursday, 7 January 2010 at 11:00 a.m. to consider and, if appropriate, to approve the ordinary resolutions contained in the notice of the meeting which are set out on pages 18 to 20 of this circular
“First Placing”	the top-up placing of 30,000,000 new Shares and private placing of 30,000,000 non-listed warrants as announced by the Company dated 10 August 2009
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, to advise the Independent Shareholders as to the fairness and reasonableness of the grant of the New General Mandate
“Independent Financial Adviser”	Athens Capital Limited, a corporation licensed to conduct type 6 regulated activity as defined under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to the fairness and reasonableness of the grant of the New General Mandate
“Independent Shareholders”	Shareholder(s) other than Exceed Standard Limited (being the controlling Shareholder) and its associates
“Latest Practicable Date”	16 December 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New General Mandate”	the general mandate proposed to be granted to the Directors at the EGM to allot, issue and otherwise deal with additional Shares not exceeding 20% of the share capital of the Company in issue on the date of the passing of the relevant ordinary resolution
“Second Placing”	the top-up placing of 61,500,000 new Shares as announced by the Company dated 7 December 2009
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the share 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.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Tai Chin Chun (*Chairman*)
Mr. Tai Chin Wen (*Chief Executive Officer*)
Ms. Cheung So Wan
Ms. Wong Siu Yuk
Mr. Chong Chau Lam
Mr. Wong Wai Kong, Elmen

Non-executive Director:

Mr. Lee Cheuk Yin, Dannis

Independent non-executive Directors:

Ms. Chu Hak Ha, Mimi
Mr. Chan Yuk Tong, Jimmy
Mr. Chan Chung Yuen, Lawrence

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Units 1-9, 8th Floor
Lucida Industrial Building
43-47 Wang Lung Street
Tsuen Wan
New Territories
Hong Kong

21 December 2009

To the Shareholders

Dear Sir or Madam,

PROPOSED REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

INTRODUCTION

The purpose of this circular is to provide you with the information relating to (i) the proposed grant of the New General Mandate; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders on the proposed grant of the New General Mandate; (iii) the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, on the proposed grant of the New General Mandate; and (iv) the notice of EGM, at which the necessary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve the New General Mandate by way of poll.

LETTER FROM THE BOARD

CURRENT GENERAL MANDATE

At the AGM, Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Current General Mandate to issue not more than 128,916,600 Shares, being 20% of the aggregate nominal amount of the issued share capital of the Company of 644,583,000 Shares as at the date of passing of the resolution.

During the period from the grant of the Current General Mandate to the Latest Practicable Date, 60,000,000 Shares from the Current General Mandate had been utilised by the Company for the First Placing in August 2009 and a further 61,500,000 Shares from the Current General Mandate had been utilised by the Company for the Second Placing in December 2009. As at the Latest Practicable Date, only 7,416,600 Shares remain unissued pursuant to the Current General Mandate.

PROPOSED GRANT OF NEW GENERAL MANDATE

At the EGM, ordinary resolutions will be proposed to the Independent Shareholders that:

- (i) the Directors be granted the New General Mandate to allot and issue Shares not exceeding 20% of the share capital of the Company in issue as at the date of passing the relevant ordinary resolution; and
- (ii) the New General Mandate be extended to Shares repurchased by the Company pursuant to the repurchase mandate granted to the Directors at the AGM.

The Company has not refreshed the Current General Mandate since the AGM.

As at the Latest Practicable Date, the Company had an aggregate of 711,989,000 Shares in issue with outstanding share options exercisable into 73,201,000 Shares. Upon completion of the Second Placing which is expected to be on or before 17 December 2009, the Company would have an aggregate of 773,489,000 Shares in issue with outstanding share options exercisable into 73,201,000 Shares. Subject to the passing of the ordinary resolutions for the approval of the New General Mandate and on the basis that no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the EGM, the Company would be allowed under the New General Mandate to allot and issue up to 154,697,800 Shares, being 20% of the total number of Shares in issue as at the Latest Practicable Date as enlarged by the issue of 61,500,000 new Shares under the Second Placing.

REASONS FOR THE NEW GENERAL MANDATE

As at the Latest Practicable Date, only 7,416,600 new Shares can be issued under the Current General Mandate, representing approximately 1.04% of the existing issued share capital of the Company.

LETTER FROM THE BOARD

In order to top up the number of Shares to be issued pursuant to the Current General Mandate after the First Placing and the Second Placing, and to maintain financial flexibility and provide discretion to the Directors to issue new Shares in the future which is necessary for the Group's future business development, the Directors propose to the Shareholders a resolution to grant the New General Mandate such that the Directors can exercise the power of the Company to issue new Shares up to 20% of the issued share capital of the Company as at the date of the EGM. The Company at present does not have any concrete plan regarding the utilisation of the New General Mandate to be refreshed.

Subject to the approval of the Independent Shareholders for the refreshment of the New General Mandate, and assuming that the Second Placing will be completed in accordance with its terms and no other Shares will be issued and/or repurchased by the Company on or prior to the date of the EGM, the Shares in issue as at the date of the EGM would be 773,489,000 Shares, which means that under the New General Mandate (as refreshed) the Directors would be authorised to allot and issue a maximum of 154,697,800 Shares if the New General Mandate is refreshed.

The following table summaries the use of the Current General Mandate since the AGM:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
10 August 2009	The First Placing	(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 Second Placing	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 Second Placing is expected to be completed on 17 December 2009

LETTER FROM THE BOARD

In view of the above, the Directors consider the grant of the New General Mandate, which may or may not be utilised, is in the best interests of the Company and the Shareholders as a whole.

EXTRAORDINARY GENERAL MEETING

Pursuant to Rule 13.36(4)(a) of the Listing Rules, the New General Mandate requires the approval of the Independent Shareholders at the EGM at which any of the controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolutions. Accordingly, Exceed Standard Limited, being the controlling Shareholder holding approximately 45.1% of the issued share capital of the Company as at the Latest Practicable Date or approximately 49.5% of the issued share capital of the Company as enlarged by the Second Placing, and its associates shall abstain from voting in favour of the relevant resolutions at the EGM.

Further, pursuant to Rule 13.39(4)(b) of the Listing Rules, any vote of the Independent Shareholders at the EGM will be taken by poll for resolutions in relation to the granting and extension of New General Mandate.

The notice convening the EGM is set out on pages 18 to 20 of this circular. At the EGM, ordinary resolutions will be proposed to approve the proposed grant of the New General Mandate. A form of proxy for use at the EGM is also enclosed with this circular. To be valid, the enclosed form of proxy, together with any power of attorney or other authority under which it is signed must be completed in accordance with the instructions printed thereon and delivered to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. The completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting in person if you so wish.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company as at (i) the Latest Practicable Date and (ii) the date upon the full utilisation of the New General Mandate:

	As at the date of the Latest Practicable Date		Upon completion of the Second Placing		Upon full utilisation of the New General Mandate	
	(No. of Shares)	%	(No. of Shares)	%	(No. of Shares)	%
Exceed Standard Limited (Note 1)	321,100,000	45.1	382,600,000	49.5	382,600,000	41.2
Power Strategy Limited (Note 2)	96,000,000	13.5	96,000,000	12.4	96,000,000	10.4
Chong Chau Lam, an executive Director	300,000	0.0	300,000	0.0	300,000	0.0
Existing Public Shareholders	233,089,000	32.8	233,089,000	30.1	233,089,000	25.1
Placées under the Second Placing	61,500,000	8.6	61,500,000	8.0	61,500,000	6.6
Shares issued under the New General Mandate	–	0.0	–	0.0	154,697,800	16.7
Total	711,989,000	100.0	773,489,000	100.0	928,186,800	100.0

Notes:

- The entire issued share capital of Exceed Standard Limited is beneficially owned by Mr. Tai Chin Chun, the Chairman and an executive Director.
- 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.

Assuming that (i) the refreshment of the Current General Mandate is approved at the EGM; (ii) the Second Placing will be completed in accordance with its terms; (iii) no further Shares will be repurchased and no new Shares will be issued and/or repurchased by the Company from the Latest Practicable Date up to the date of the EGM (both dates inclusive); and (iv) upon full utilisation of the New General Mandate, 154,697,800 Shares are to be issued, which represents 20% of the existing issued share capital as at the Latest Practicable Date as enlarged by the issue of 61,500,000 new Shares under the Second Placing. The aggregate shareholding of the existing public Shareholders will be diluted from approximately 32.8% to approximately 25.1% after completion of the Second Placing and upon full utilisation of the New General Mandate.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprises Mr. Chan Yuk Tong, Jimmy, Mr. Chan Chung Yuen, Lawrence and Ms. Chu Hak Ha, Mimi, all being independent non-executive Directors. It has been established to advise the Independent Shareholders on the grant of the New General Mandate.

LETTER FROM THE BOARD

Athens Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the grant of the New General Mandate.

RECOMMENDATIONS

The Directors consider the refreshment of the New General Mandate is in the interest of the Company and the Shareholders as a whole and accordingly recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM for approving the grant of the New General Mandate.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the granting of the New General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and accordingly recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM for approving the grant of the New General Mandate.

GENERAL INFORMATION

Your attention is drawn to the letter of advice from the Independent Financial Adviser set out on pages 10 to 17 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in connection with the grant of the New General Mandate and the letter from the Independent Board Committee set out on page 9 of this circular which contains its recommendation to the Independent Shareholders in relation to the grant of the New General Mandate.

Please note, however, the ordinary resolutions will be voted by way of poll at the EGM as required under the Listing Rules.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Yours faithfully
For and on behalf of
the board of Directors of
Kam Hing International Holdings Limited
Tai Chin Chun
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the proposed refreshment of the New General Mandate:



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)

21 December 2009

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

We have been appointed as the Independent Board Committee to consider and advise you on in connection with the proposed refreshment of the New General Mandate, details of which are set out in the circular dated 21 December 2009 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms defined in the Circular will have the same meanings when used herein unless the context otherwise requires.

We wish to draw your attention to the letter from the Board and the letter of advice from Athens Capital Limited set out on pages 3 to 8 and pages 10 to 17 of the Circular respectively.

Having taken into account the principal factors and reasons considered by Athens Capital Limited, its conclusion and advice, we concur with the view of Athens Capital Limited and consider the terms of the refreshment of the New General Mandate are fair and reasonable so far as the Independent Shareholders are concerned and the New General Mandate is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend you to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the refreshment of the New General Mandate and the transactions contemplated thereunder.

Yours faithfully,

Chan Yuk Tong, Jimmy

Chan Chung Yuen, Lawrence
Independent Board Committee

Chu Hak Ha, Mimi

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter received from Athens Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the proposed refreshment of the Current General Mandate for the purpose of inclusion in this circular.

ATHENS CAPITAL

Athens Capital Limited
2304, New World Tower 1
16-18 Queen's Road
Central
Hong Kong

21 December 2009

To: The Independent Board Committee and the Independent Shareholders

Dear Sirs,

PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the proposed refreshment of the Current General Mandate, details of which are contained in the letter from the board (the "Letter from the Board") contained in the circular (the "Circular") of the Company to the Shareholders dated 21 December 2009, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the content otherwise requires.

Pursuant to Rule 13.36(4) of the Listing Rules, any refreshment of the general mandate before the next annual general meeting shall be subject to the Independent Shareholders' approval by way of poll at the EGM. Any controlling Shareholders and their associates or where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution for approving the New General Mandate as required under Rule 13.36(4)(a) of the Listing Rules. Accordingly, Exceed Standard Limited, being the controlling Shareholder holding approximately 45.1% of the issued share capital of the Company as at the Latest Practicable Date, and its associates shall abstain from voting in favour of the relevant resolutions at the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Chan Yuk Tong, Jimmy, Ms. Chu Hak Ha, Mimi and Mr. Chan Chung Yuen, Lawrence, being the independent non-executive Directors, has been formed to advise the Independent Shareholders on whether the granting of the New General Mandate is fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true, complete and accurate in all material respects at the time when they were made and continue to be so as at the date of the despatch of the Circular. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful considerations.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us.

We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our recommendation in compliance with Rule 13.80 of the Listing Rules. The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company nor have we considered the taxation implication on the Group or the Shareholders as a result of the transactions herein.

In addition, we have no obligation to update this opinion to take into account events occurring after the issue of this letter. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in respect of the proposed grant of the New General Mandate, we have considered the following principal factors and reasons:

Background of the New General Mandate

The Group is principally engaged in the production and sale of knitted fabric, dyed yarn and garment products, which includes the production processes ranging from cotton spinning, knitting, yarn dyeing, fabric, dyeing, final processing and garment manufacturing.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

At the AGM, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Current General Mandate to issue not more than 128,916,600 Shares, being 20% of the aggregate nominal amount of the issued share capital of the Company of 644,583,000 Shares as at the date of passing of the resolution.

During the period from the grant of the Current General Mandate to the Latest Practicable Date, 60,000,000 Shares from the Current General Mandate had been utilized by the Company for the First Placing in August 2009 and a further 61,500,000 Shares from the Current General Mandate will be utilized by the Company for the Second Placing which is expected to be completed on or before 17 December 2009. Details of the First Placing and the Second Placing are set out in the announcements of the Company dated 10 August 2009 and 7 December 2009 respectively.

If the New General Mandate is not granted and assuming the completion of the Second Placing has been taken place, only 7,416,600 new Shares, representing approximately 1.04% of the existing issued share capital of the Company as at the Latest Practicable Date, can be further issued and allotted by the Directors under the Current General Mandate. In addition, we were advised that the next annual general meeting will not be held until around June 2010, which is about six months away from the Latest Practicable Date. In order to top up the number of Shares to be issued pursuant to the Current General Mandate after the First Placing and the Second Placing and with a view to maintaining the financial flexibility for the Group to manage its business and to raise additional equity capital for any future business development and investment opportunities, the Directors therefore propose to the Independent Shareholders a resolution to grant the New General Mandate such that the Directors can exercise the power of the Company to issue new Shares up to 20% of the issued share capital of the Company as at the date of passing the relevant resolution at the EGM.

As at the Latest Practicable Date, the Company had 711,989,000 Shares in issue with outstanding share options exercisable into 73,201,000 Shares. Upon completion of the Second Placing which is expected to be on or before 17 December 2009, the Company would have an aggregate of 773,489,000 Shares in issue with outstanding share options exercisable into 73,201,000 Shares. On the basis that no Share would be issued and/or repurchased by the Company from the Latest Practicable Date to the date of the EGM and assuming the Second Placing will be completed in accordance with the terms, the grant of the New General Mandate would allow the Directors to issue, allot and deal with up to 154,697,800 new Shares, representing 20% of the total issued share capital of the Company as at the Latest Practicable Date as enlarged by the issue of 61,500,000 Shares under the Second Placing. Up to the Latest Practicable Date, the Company does not have any concrete plan regarding the utilization of the New General Mandate to be refreshed.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Reasons for the grant of the New General Mandate

As advised by the Company, the Directors consider that equity financing to be an important avenue of resources to the Group since it does not create any interest paying obligations on the Group. Notwithstanding that there is no immediate funding need for the Groups' current operations and that there is currently no concrete proposal presented by potential investors for investment in Shares, the Board considers that the grant of the New General Mandate is necessary so that should future funding needs arise or attractive terms for investment in Shares become available from potential investors, the Board will be able to respond to the market and such investment opportunities promptly. The Directors consider that the grant of the New General Mandate is in the best interests of the Company and the Shareholders as a whole.

Furthermore, as announced by the Company on 15 September 2009 and 7 October 2009 regarding Hong Kong Wisco Guangxin Kam Wah Resources Limited, a joint venture company established by the Group and the Wuhan Iron and Steel (Group) Company, successfully outbidding more than 20 international companies in a global tender for the exploration and exploitation right of iron resources in Soalala, Madagascar, Africa (the "Project"), details of which are set out in the aforesaid announcements. The Project would involve an initial funding of about US\$120 million, of which the Group will have a capital commitment towards the Project of approximately US\$24 million (equivalent to approximately HK\$187.2 million). As advised by the Directors, the capital commitment on the part of the Company will be met by the Group's internal resources and/or other debt/equity financing.

In view of the above, we are of the opinion that the grant of the New General Mandate would provide the Company with greater flexibility essential for fulfilling any possible funding needs for future business development and/or investment decisions in a timely manner. Consequently, we are of the view that the grant of New General Mandate is in the interests of the Company and the Shareholders as a whole.

History of fund raising activities of the Group during the last 12 months

According to the information provided by the Directors, we summarise the fund raising activities of the Company during the past 12 months immediately preceding the Latest Practicable Date in the following table:

Date of announcement	Description	Net proceeds	Intended use of proceeds	Actual use of proceeds
10 August 2009	Top-up placing of 30,000,000 new Shares under the First Placing	Approximately HK\$35.5 million	General working capital of the Group	General working capital

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Description	Net proceeds	Intended use of proceeds	Actual use of proceeds
10 August 2009	Private placing of 30,000,000 non-listed warrants under the First Placing	Approximately HK\$0.4 million (If and when the subscription rights attached to the warrants are exercised in full, further funds of up to approximately HK\$45.0 million will be raised)	General working capital of the Group and as funds for future development of the Group	General working capital
7 December 2009	Top-up placing of 61,500,000 new Shares under the Second Placing	Approximately HK\$120 million	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 Second Placing is expected to be completed on or before 17 December 2009

Save as disclosed herein, the Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

We note from the above table that the Company has recently undergone a top-up placing in order to raise approximately HK\$120 million, which has been earmarked for working capital including but not limited to the Project. We understand from the management of the Company that the Project is in infancy stage and hence working capital is particularly required.

We also note from the interim report of the Company for the six months ended 30 June 2009 that the Group made use of its cash and cash equivalents to reduce certain current liabilities (bank advances for discounted bills) and long term liabilities (interest-bearing bank and other borrowings).

Due to the nature of business and operations of the Company, we were given to understand that the inventory and the accounts receivable/payable has been increased for the six months ended 30 June 2009 as compared with the financial year ended 31 December 2008. As extracted from the interim report for the six months ended 30 June 2009, inventory of the Company increased by approximately 22.1% to HK\$547.069 million from HK\$448.019 million as at 31 December 2008. Moreover, account receivable of the Company grew for the six months ended 30 June 2009 and increased by approximately 2.5% to HK\$470.89 million from HK\$459.337 million as at 31 December 2008 whereas the account payable increased by

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

approximately 66.4% to HK\$519.212 million from HK\$312.017 million as at 31 December 2008. As such, we were made aware of the need of working capital by the Company. Taking the above in consideration and the fund-raising activities in the past 12 months as a whole, we consider that the grant of the New General Mandate is in the interest of the Shareholders.

Other financing alternatives

The Directors consider equity financing to be an important avenue of resources for the Group since it does not create any interest paying obligations on the Group. In appropriate circumstances, the Group will also consider other financing methods such as debt financing or internal cash resources to fund its future investment and/or business development. Furthermore, the Directors will consider equity fund-raising on pro-rata basis such as rights issue or open offer as a channel for obtaining financial resources so that existing shareholders will have a choice to participate in the Group's future development to a greater extent. The Directors are aware that negotiations with potential brokerage firms to act as underwriter(s) can be lengthy and it highly depends on the prevailing market conditions to arrive at good terms that are beneficial to Shareholders as a whole. The Directors are inclined to choose the path to raise fund which incurs the least cost but with higher possibility to succeed. While sufficient for its present requirements, there is no certainty that such cash resources will be adequate or other financing alternatives will be available for appropriate investment that may be identified by the Company in the future. In addition, debt financing will incur interest burden on the Group and it may be subject to lengthy due diligence and negotiations with lenders with reference to the Group's financial position, capital structure and the financial market condition at that time. As extracted from the interim report for the six months ended 30 June 2009, the Group recorded short term interest-bearing bank and other borrowings of HK\$558.859 million and long term interest-bearing bank and other borrowings of HK\$268.371 million whereas cash and cash equivalents of only HK\$168.223 million. The Directors consider that equity financing such as issuance of new Shares could be an appropriate means to fund such investments and/or acquisitions and provide additional working capital for future development and expansion of the Group.

We consider that the proposed grant of the New General Mandate will provide the Company with an additional alternative for fund raising and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future development, including equity financing. As such, we are of the view that the proposed grant of the New General Mandate will be in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Potential dilution to shareholding of the Independent Shareholders

We set out below the table depicting (i) the shareholding structure of the Company as at the Latest Practicable Date; and for illustrative purpose, (ii) shareholding structure of the Company upon completion of the Second Placing; and (iii) the potential dilution effect on the shareholding upon completion of the Second Placing and full utilisation of the New General Mandate, assuming no Shares are issued or repurchased during the period between the Latest Practicable Date and the date of EGM:

	As at the date of the Latest Practicable Date		Upon completion of the Second Placing		Upon completion of the Second Placing and the full utilisation of the New General Mandate	
	(No. of Shares)	%	(No. of Shares)	%	(No. of Shares)	%
Exceed Standard Limited						
<i>(Note 1)</i>	321,100,000	45.1	382,600,000	49.5	382,600,000	41.2
Power Strategy Limited <i>(Note 2)</i>	96,000,000	13.5	96,000,000	12.4	96,000,000	10.4
Chong Chau Lam, an executive						
Director	300,000	0.0	300,000	0.0	300,000	0.0
Existing Public Shareholders	233,089,000	32.8	233,089,000	30.1	233,089,000	25.1
Places under the Second Placing	61,500,000	8.6	61,500,000	8.0	61,500,000	6.6
Shares issued under the New General Mandate	–	0.0	–	0.0	154,697,800	16.7
Total	711,989,000	100.0	773,489,000	100.0	928,186,800	100.0

Notes:

- The entire issued share capital of Exceed Standard Limited is beneficially owned by Mr. Tai Chin Chun, the Chairman and an executive Director.
- 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.

Shareholders should be aware that the Current General Mandate will be revoked upon approval at the EGM by the Independent Shareholders of the New General Mandate which will be and continue to be in force until the earliest of (i) the conclusion of the next annual general meeting of the Company; or (ii) the revocation or variation of the authority given under this resolution by ordinary resolution passed by the Shareholders in general meeting; or (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles, the Companies Law or any applicable laws of Cayman Islands to be held.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As illustrated in the table above, assuming that (i) the refreshment of the Current General Mandate is approved at the EGM; (ii) the Second Placing will be completed in accordance with the terms; and (iii) no further Shares will be issued or repurchased by the Company from the Latest Practicable Date to the date of the EGM (both dates inclusive), 154,697,800 new Shares can be issued upon full utilisation of the New General Mandate, representing 20% the issued share capital as at the Latest Practicable date as enlarged by the issue of 61,500,000 new Shares under the Second Placing, and the aggregate shareholding of the existing public Shareholders will decrease from approximately 32.8% as at the Latest Practicable Date to approximately 25.1% after completion of the Second Placing and upon full utilisation of the New General Mandate, representing a potential maximum decrease in public shareholding of approximately 7.7%.

Taking into account that (i) the New General Mandate will provide an alternative means for the Company to raise capital by allotment and issue of new Shares before the next annual general meeting; (ii) the New General Mandate provides more flexibility and options of financing to the Group for further business development as well as for other potential future investments and/or acquisitions as and when such opportunities arise; and (iii) the shareholding interests of all the Shareholders will be decreased in proportion to their respective shareholdings upon any utilisation of the New General Mandate, we consider such potential dilution to shareholdings of the public Shareholders acceptable.

RECOMMENDATION

Having taken into account the principal factors and reasons referred to the above, we are of the opinion that the proposed grant of the New General Mandate is fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Shareholders and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution approving the grant of the New General Mandate at the EGM. Independent Shareholders are however advised to take note of the possible dilution effect on their shareholding interests in the Company when and if the New General Mandate is utilised.

Yours faithfully,
For and on behalf of
Athens Capital Limited

Ross Cheung
Director

William Keith Jacobsen
Director

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Kam Hing International Holdings Limited (the “**Company**”) will be held at Units 1-9, 8th Floor, Lucida Industrial Building, 43-47 Wang Lung Street, Tsuen Wan, New Territories, Hong Kong on Thursday, 7 January 2010 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT**, to the extent not already exercised, the mandate to allot and issue shares of the Company given to the directors (the “**Directors**”) of the Company at the annual general meeting (the “**AGM**”) of the Company held on 8 June 2009 be and is hereby revoked and replaced by the mandate **THAT**:
 - (a) subject to paragraph (c) below, pursuant to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued shares of the Company (the “**Shares**”) and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
 - (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise), issued or dealt with by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the existing share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the

NOTICE OF EGM

Articles of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:

- (i) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
- (ii) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of such resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of the Company, the Companies Law or any other applicable laws of Cayman Islands to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

NOTICE OF EGM

2. “**THAT** conditional upon the passing of resolution no. 1 above, the mandate granted to the Directors at the AGM to extend the general mandate to allot and issue Shares to Shares repurchased by the Company be and is hereby revoked and replaced by the mandate **THAT** the Directors be and they are hereby authorised to exercise the authority referred to in paragraph (a) of resolution no. 1 above in respect of the share capital of the Company referred to in sub-paragraph (ii) of paragraph (c) of such resolution.”

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

Hong Kong, 21 December 2009

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Units 1-9, 8th Floor
Lucida Industrial Building
43-47 Wang Lung Street
Tsuen Wan
New Territories
Hong Kong

Notes:

1. Subject to the provisions of the articles of association of the Company, any member of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more Shares may appoint more than one proxy to represent and vote on his behalf at the EGM. If more than one proxy is so appointed, the appointment shall specify the number of Shares in respect of which each such proxy is so appointed. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. On a poll, votes may be given either personally or by proxy.
2. A form of proxy for use at the EGM is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and returned, together with the power of attorney or other authority (if any) under which it is signed (or a copy which has been certified by a notary) to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting.
3. In the case of joint holders of Shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such Share as if he was solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
4. Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the EGM and in such event, the form of proxy shall be deemed to be revoked.
5. Pursuant to the Listing Rules, the voting on ordinary resolutions at the EGM will be conducted by way of poll.