



KAM HING INTERNATIONAL HOLDINGS LIMITED

錦興國際控股有限公司

**Iron resources project in Soalala, Africa to be injected into
Kam Hing International Holdings Limited, with capital commitment of US\$24 million**

(7 October 2009 – Hong Kong) Referring to the announcement of Kam Hing International Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) on 15 September 2009, Hong Kong Wisco Guangxin Kam Wah Resources Limited (“Hong Kong Wisco Guangxin”) successfully outbid more than 20 international companies 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”).

The Board wishes to announce the following resolutions:

- (1) The shareholding of Hong Kong Wisco Guangxin shall be restructured such that issued share capital of Hong Kong Wisco Guangxin be effectively owned as to about 39% by Wuhan Iron and Steel (Group) Company (“Wisco Group”), 36% by Guangdong Foreign Trade Group Co., Ltd (the “Guangxin Group”) ,20% by the Group, and the remaining 5% by independent third parties.
- (2) The board of Hong Kong Wisco Guangxin shall comprise 7 directors 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.
- (3) The Project would involve an initial funding of about US\$120 million, of which US\$50million shall be raised through funding from shareholders and US\$70 million shall be raised through debt financing.

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.

It was also agreed in principle among the parties involved that the remaining approximately 80% equity interests of the Project 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.

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