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於百慕達註冊成立之有限公司 Incorporated in Bermuda with limited liability

(Stock Code: 00173)

POSSIBLE MAJOR TRANSACTION

POSSIBLE ACQUISITION OF LAND USE RIGHTS IN SHANGHAI, THE PRC BY THE TENDER CONSORTIUM

The Board is pleased to announce that on 20 September 2022, an indirect wholly-owned subsidiary of the Company, Suzhou Jiayu, entered into the Framework Agreement with JV Partner A and JV Partner B, pursuant to which the Tender Consortium agrees to submit a bid for the acquisition of the Land Use Rights of the Land through listing-for-sale. The minimum bidding price shall be RMB3,730 million (equivalent to approximately HK\$4,219 million).

The details of the Framework Agreement are as follows:

Date

20 September 2022

Parties

- (1) Suzhou Jiayu (an indirect wholly-owned subsidiary of the Company)
- (2) JV Partner A
- (3) JV Partner B

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save for the 35% and 5% equity interest that JV Partner A and JV Partner B will respectively hold in the JV Company upon its formation should the Possible Acquisition materialise, JV Partner A, JV Partner B and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Subject matter

The Tender Consortium agrees to submit a bid for the acquisition of the Land Use Rights of the Land through listing-for-sale. The Land is situated at Huajing Town, Xuhui District, Shanghai, the PRC, and designated for residential usage with a term of 70 years, office usage with a term of 50 years and other usage, namely commercial, catering and hotel with a term of 40 years.

Consideration

The minimum bidding price as set out in the tender request documents for the acquisition of the Land Use Rights of the Land shall be RMB3,730 million (equivalent to approximately HK\$4,219 million).

Should the Possible Acquisition materialise, the final consideration shall be contributed by Suzhou Jiayu, JV Partner A and JV Partner B in the proportion of 60%, 35% and 5% respectively.

Bidding deposit

The Tender Consortium already paid a refundable bidding deposit of RMB746 million (equivalent to approximately HK\$844 million) upon submission of the bid, which was contributed by Suzhou Jiayu, JV Partner A and JV Partner B in the proportion of 60%, 35% and 5% respectively. If the Tender Consortium is unsuccessful with the bidding, the bidding deposit will be refunded in full to the parties of the Tender Consortium based on the amount contributed by each of them.

Establishment of the JV Company

Pursuant to the Framework Agreement, the Tender Consortium shall establish the JV Company within 30 days of the award of the bid for the development of the Land, which shall be owned as to 60% by Suzhou Jiayu, 35% by JV Partner A and 5% by JV Partner B or their respective subsidiaries.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE FRAMEWORK AGREEMENT

The Land is located in the south of Xuhui District, Shanghai, the PRC, a core development zone planned for artificial intelligence and life health industries. The Land is connected to Shanghai Metro Line No. 15 West Huajing Metro Station and in close proximity to a multiple railways interchange such as Shanghai Metro Line No. 19 and No. 23 and Airport Link Line under construction, which is of great potential for development of properties. The Board believes that the Possible Acquisition represents an excellent investment opportunity for the Group to be engaged in a transit-oriented development to expand its presence in the Shanghai property market, replenish the Group's land bank and is in line with the Group's business development strategy and planning. It considers that should the Possible Acquisition materialise, it is expected to bring a satisfactory return to the Group from the disposal of the properties to be developed on the Land by the JV Company, and share of future recurring income and potential capital gain from the retained portions of the properties on the Land. In addition, the Group, JV Partner A and JV Partner B can share their respective expertise and experience in the co-operation and joint venture, which will provide synergy to the development of the Land.

Based on the above, the Board is of the view that the Possible Acquisition is in the Group's ordinary and usual course of business, the terms of the Framework Agreement are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company

The Company is an investment holding company. Its principal subsidiaries are mainly engaged in property development and property investment in Hong Kong and the PRC.

Suzhou Jiayu

Suzhou Jiayu is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. The principal business activity of Suzhou Jiayu is property development.

JV Partner A

JV Partner A is a company established in the PRC with limited liability and beneficially owned as to 100% by Shanghai Xuhui District Huajing Town Financial Management Office* (上海市徐匯區華涇鎮財經管理事務所), which is a state-owned enterprise. JV Partner A is mainly engaged in real estate development and operation, project construction management, property sales and leasing, and property management.

JV Partner B

JV Partner B is a company established in the PRC with limited liability and beneficially owned as to 100% by the State-owned Assets Supervision and Administration Commission of Shanghai Xuhui District* (上海市徐匯區國有資產監督管理委員會). The principal business activity of JV Partner B is real estate development and operation.

LISTING RULES IMPLICATIONS

The Possible Acquisition, should it materialise, will constitute a transaction under Chapter 14 of the Listing Rules as certain portions of the properties to be developed on the Land will be held as non-current assets for recurring income while the remaining portions will be held for sale.

As one of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Possible Acquisition exceeds 25% but is less than 100%, the Possible Acquisition will constitute a major transaction for the Company under Chapter 14 of the Listing Rules if it materialises.

As the Group's principal business activities include property development, the Company is regarded as a Qualified Issuer under Rule 14.04(10B) of the Listing Rules. Besides, the Possible Acquisition will be regarded as a Qualified Property Acquisition under Rule 14.04(10C) of the Listing Rules as it will involve an acquisition of governmental land(s) from a PRC Governmental Body through listing-for-sale governed by the PRC laws (as defined under the Listing Rules).

Should the Tender Consortium win the bid, the Possible Acquisition will be undertaken by the Group via Suzhou Jiayu on a joint basis with JV Partner A and JV Partner B, and conducted in the Group's ordinary and usual course of business. Subject to the fulfilment of the requirements under the Rule 14.33A of the Listing Rules under the possible joint venture agreement, the Company expects that the Possible Acquisition will be qualified for the exemption for a

Qualified Property Acquisition under Rule 14.33A of the Listing Rules should it materialise and in such case, the Possible Acquisition will be subject to reporting, announcement and circular requirements but exempt from Shareholders' approval requirement pursuant to Rule 14.33A of the Listing Rules.

Further announcement(s) shall be made by the Company in accordance with the Listing Rules if the Tender Consortium wins the bid and when the relevant joint venture agreement is entered into. In the event that the bid is successful and the final consideration for the Possible Acquisition resulted in a higher transaction classification, the Company will comply with the applicable requirements under the Listing Rules.

As the Possible Acquisition may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	K. Wah International Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00173)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Framework Agreement”	the framework agreement dated 20 September 2022 entered into among Suzhou Jiaxu, JV Partner A and JV Partner B in relation to the Possible Acquisition
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Company”	a company to be established in the PRC with limited liability, which shall be owned as to 60% by Suzhou Jiaxu, 35% by JV Partner A and 5% by JV Partner B or their respective subsidiaries
“JV Partner A”	Shanghai Longhua Property Company Limited* (上海龍華房地產有限公司), a company established in the PRC with limited liability
“JV Partner B”	Shanghai Huicheng Property Operations and Management Company Limited* (上海匯成房產經營有限公司), a company established in the PRC with limited liability

“Land”	the land parcel with a total site area of 45,302.87 square meters situated at Huajing Town, Xuhui District, Shanghai, the PRC, and reaches Jinghong Road to the east, Xingnandong Road to the south, up to the planned greening area and Caolian Road to the west, and up to the planned greening area to the north* (東至景洪路, 南至興南東路, 西至規劃綠化、曹聯路, 北至規劃綠化)
“Land Use Rights”	the state-owned construction land use rights* (國有建設用地使用權) of residential usage with a term of 70 years, office usage with a term of 50 years and other usage, namely commercial, catering and hotel with a term of 40 years
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange (excluding the option market) operated by the Stock Exchange
“percentage ratios”	percentage ratios set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“Possible Acquisition”	the possible acquisition of the Land Use Rights of the Land by the Tender Consortium
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Governmental Body”	has the meaning ascribed to it under Rule 19A.04 of the Listing Rules
“Qualified Issuer”	has the meaning ascribed to it under Rule 14.04(10B) of the Listing Rules
“Qualified Property Acquisition”	has the meaning ascribed to it under Rule 14.04(10C) of the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holder(s) of the ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou Jiaxu”	Suzhou Jiaxu Real Estate Development Co., Ltd.* (蘇州嘉煦房地產開發有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“Tender Consortium” a tender consortium formed by Suzhou Jiaxu, JV Partner A and JV Partner B for the purpose of jointly submitting a bid for the acquisition of the Land Use Rights of the Land through listing-for-sale

“%” per cent

By Order of the Board of
K. Wah International Holdings Limited
Lee Wai Kwan, Cecilia
Company Secretary

Hong Kong, 20 September 2022

As at the date of this announcement, the Executive Directors of the Company are Dr. Lui Che-woo (Chairman & Managing Director), Mr. Francis Lui Yiu Tung, Mrs. Paddy Tang Lui Wai Yu and Mr. Alexander Lui Yiu Wah; the Non-executive Director is Dr. Moses Cheng Mo Chi; and the Independent Non-executive Directors are Dr. William Yip Shue Lam, Mr. Wong Kwai Lam and Mr. Nip Yun Wing.

For the purpose of this announcement, unless otherwise indicated, the conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 = HK\$1.1311. Such rate is for the purpose of illustration only and does not constitute a representation that any amount in question in RMB or HK\$ has been or could have been or may be converted at such or another rate or at all.

In this announcement, the English terms marked with “” are translations of their Chinese counterparts and are included in this announcement for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese version shall prevail.*

Website: <http://www.kwih.com>