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(Stock Code: 00173)

MAJOR TRANSACTION

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

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Reference is made to the announcement of the Company dated 20 September 2022 in relation to the entering into of the Framework Agreement by Suzhou Jiaxu (an indirect wholly-owned subsidiary of the Company).

The Board is pleased to announce that on 23 September 2022, the Tender Consortium, which is formed by Suzhou Jiaxu, JV Partner A and JV Partner B, won the bid for the acquisition of the Land Use Rights of the Land through listing-for-sale at a consideration of RMB3,730 million (equivalent to approximately HK\$4,187 million). The Land Use Rights Grant Contract in respect of the Land Acquisition will be entered into by the Tender Consortium on a date to be specified by Shanghai Municipal Xuhui District Planning and Natural Resources Bureau.

LISTING RULES IMPLICATIONS

The Land Acquisition constitutes 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 Land Acquisition exceeds 25% but is less than 100%, the Land Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules.

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 Land Acquisition is regarded as a Qualified Property Acquisition under Rule 14.04(10C) of the Listing Rules as it involves 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).

The Land Acquisition is undertaken by the Group via Suzhou Jiaxu 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 Rule 14.33A of the Listing Rules under the joint venture agreement, the Company expects that the Land Acquisition will be qualified for the exemption for a Qualified Property Acquisition under Rule 14.33A of the Listing Rules and in such case, the Land 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.

GENERAL

As more time is needed for the Tender Consortium to finalise the terms of the joint venture agreement and the Company to prepare the financial information of the Group as required under Rule 14.66 of the Listing Rules, the circular containing, among other things, (i) details of the Land Acquisition and the formation of the JV Company; and (ii) financial information of the Group, will not be able to be despatched to the Shareholders within 15 business days (as defined under the Listing Rules) from the date of this announcement. It is expected that the circular will be despatched to the Shareholders on or before 25 November 2022.

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The details of the Land Acquisition are as follows:

Date of award : 23 September 2022
of bid

Parties : (1) Shanghai Municipal Xuhui District Planning and Natural Resources Bureau (as the transferor); and
(2) the Tender Consortium (as the transferee)

Location of the : The Land is situated at Huajing Town, Xuhui District, Shanghai, the PRC, Land 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)

Total site area : 45,302.87 square meters

Total gross : Approximately 195,800 square meters
floor area

Consideration : RMB3,730 million (equivalent to approximately HK\$4,187 million)

The Consideration shall be contributed by Suzhou Jiaxu, JV Partner A and JV Partner B in the following proportion:

	<i>Amount</i> <i>(RMB million)</i>	<i>Percentage</i> <i>(%)</i>
Suzhou Jiayu	2,238.0	60
JV Partner A	1,305.5	35
JV Partner B	186.5	5

Payment terms : (1) a deposit of RMB746 million (equivalent to approximately HK\$837 million) (the “**Deposit**”, equivalent to 20% of the Consideration) shall be payable within five business days of the execution of the Land Use Rights Grant Contract and applied towards payment of the Consideration;

(2) RMB1,119 million (equivalent to approximately HK\$1,256 million), being 50% of the Consideration less the Deposit of RMB746 million, shall be payable within 30 days of the execution of the Land Use Rights Grant Contract; and

(3) the remaining 50% of the Consideration, i.e., RMB1,865 million (equivalent to approximately HK\$2,094 million), shall be payable within 45 days of the execution of the Land Use Rights Grant Contract

Term of the Land Use Rights and use of the Land : The Land is 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

Other information : Certain portions of the properties to be developed on the Land for commercial, office, catering and hotel usage will be held as non-current assets for recurring income

Refund of bidding deposit : After the payment of the Deposit, an application will immediately be made for the refund of the bidding deposit of RMB746 million (equivalent to approximately HK\$837 million) which was already paid at submission of the bid

BASIS FOR DETERMINING THE CONSIDERATION

The Consideration was determined by the successful bid of the Land by the Tender Consortium through listing-for-sale which was conducted in accordance with the relevant PRC laws and regulations. The Group considered the bidding price for the Land was fair after taking into account, inter alia, (i) the base price of the bid of RMB3,730 million (equivalent to approximately HK\$4,187 million) set by Shanghai Municipal Xuhui District Planning and Natural Resources Bureau; (ii) the current property market conditions in Xuhui District, Shanghai, the PRC and areas nearby; and (iii) the location and development potential of the Land. No independent valuation has been taken as reference for setting the bidding price.

The Group intends to finance its portion of the Consideration in the amount of RMB2,238 million (equivalent to approximately HK\$2,512 million) by internal resources and external financing.

FORMATION OF THE JV COMPANY

The JV Company, 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, will be established for the development of the Land. As at the date of this announcement, Suzhou Jiayu is in the course of negotiation with JV Partner A and JV Partner B on the terms of the joint venture agreement. The Group will ensure that the joint venture agreement to be entered into will comply with the applicable requirements for the exemption for Qualified Property Acquisition under Rule 14.33A of the Listing Rules.

Upon its formation, the JV Company will replace the Tender Consortium as the transferee in relation to the Land Acquisition by signing a Shanghai Municipal state-owned construction land use rights grant contract with Shanghai Municipal Xuhui District Planning and Natural Resources Bureau, as transferor, which shall be on same terms with, and supersede, the Land Use Rights Grant Contract.

Further announcement(s) will be made by the Company in accordance with the Listing Rules upon the formation of the JV Company and the entering into of the joint venture agreement.

REASONS FOR AND BENEFITS OF THE LAND ACQUISITION

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 Land 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 the Land Acquisition 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 Land Acquisition is in the Group's ordinary and usual course of business, the terms of the Land Acquisition 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.

Shanghai Municipal Xuhui District Planning and Natural Resources Bureau

Shanghai Municipal Xuhui District Planning and Natural Resources Bureau is a PRC local bureau and a PRC Governmental Body within the meaning of Rule 19A.04 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, (i) 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, JV Partner A, JV Partner B and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons; and (ii) Shanghai Municipal Xuhui District Planning and Natural Resources Bureau and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

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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
“Consideration”	RMB3,730 million (equivalent to approximately HK\$4,187 million), being the total consideration for the Land Acquisition, which shall be contributed by Suzhou Jiayu, JV Partner A and JV Partner B in the proportion of 60%, 35% and 5% respectively
“Directors”	the directors of the Company
“Framework Agreement”	the framework agreement dated 20 September 2022 entered into among Suzhou Jiayu, JV Partner A and JV Partner B in relation to the intended acquisition of the Land Use Rights of the Land by the Tender Consortium
“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 Jiayu, 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 Acquisition”	the acquisition of the Land Use Rights of the Land by the Tender Consortium
“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
“Land Use Rights Grant Contract”	the Shanghai Municipal state-owned construction land use rights grant contract* (上海市國有建設用地使用權出讓合同) in Chinese language to be entered into between Shanghai Municipal Xuhui District Planning and Natural Resources Bureau as the transferor and the Tender Consortium as the transferee in relation to the Land Acquisition
“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
“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

“Shanghai Municipal Xuhui District Planning and Natural Resources Bureau”	Shanghai Municipal Xuhui District Planning and Natural Resources Bureau* (上海市徐匯區規劃和自然資源局), a PRC local bureau and a PRC Governmental Body within the meaning of Rule 19A.04 of the Listing Rules
“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, 23 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\$1.1226. 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>