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(Stock Code: 00173)

**UPDATE ON MAJOR TRANSACTION  
IN RELATION TO  
ACQUISITION OF LAND USE RIGHTS IN SHANGHAI, THE PRC BY THE  
TENDER CONSORTIUM**

References are made to the announcements of K. Wah International Holdings Limited (the “**Company**”) dated 20 September 2022 and 23 September 2022 (the “**Announcements**”) in relation to the entering into of the Framework Agreement and the Land Acquisition, respectively. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

On 20 October 2022, Suzhou Jiayu, JV Partner A and JV Partner B entered into an agreement (the “**JV Agreement**”) for the establishment of the JV Company for the development of the Land.

**THE JV AGREEMENT**

The principal terms of the JV Agreement are as follows:

Date : 20 October 2022

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

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

Shareholding : The JV Company shall be owned as to 60% by Suzhou Jiayu, 35% by JV Partner A and 5% by JV Partner B.

Principal business of the JV Company : The principal business of the JV Company shall be real estate development and operations, information consulting services, enterprise management, hotel management, commercial complex management services, construction management services, non-residential real estate leasing, property management and car-parking services.

The formation of the JV Company is for the single purpose relating to the Land Acquisition and/or development of a specific property which is consistent with the purpose specified in the Land Use Rights Grant Contract.

Registered capital : RMB2,000 million (equivalent to approximately HK\$2,245 million)  
of the JV  
Company

The registered capital shall be contributed by Suzhou Jiaxu, JV Partner A and JV Partner B in the following proportion no later than 6 November 2022:

	<i>Amount (RMB million)</i>	<i>Amount equivalent to approximately (HK\$ million)</i>	<i>Percentage (%)</i>
Suzhou Jiaxu	1,200	1,347	60
JV Partner A	700	786	35
JV Partner B	100	112	5

The amount of the capital commitment to be contributed by Suzhou Jiaxu, JV Partner A and JV Partner B, the entire amount of which will form part of, and be used to pay, the Consideration of the Land Acquisition, was determined with reference to (i) the Consideration which remains outstanding; and (ii) their respective equity interest in the JV Company.

The capital contribution to be made to the JV Company by Suzhou Jiaxu will be funded by its internal resources and external financing.

Board of directors : The board of directors of the JV Company shall comprise five directors,  
/ supervisors out of which three directors shall be appointed by Suzhou Jiaxu, and two directors shall be appointed by JV Partner A.

There shall be no board of supervisors, and the supervisor of the JV Company shall be appointed by JV Partner B.

Matters requiring : The JV Company must not, inter alia, without the unanimous consent of  
unanimous consent all the partners of the JV Company:

- (i) change the nature or scope of its business, and if there are changes then they must still be consistent with the scope or purpose specified in the tender documents of the Land and/or the Land Use Rights Grant Contract relating to the Land Acquisition; or
- (ii) enter into any transactions which are not on an arm's length basis.

Dividend and : The JV Company shall distribute profits to Suzhou Jiaxu, JV Partner A  
distribution and JV Partner B in proportion to their respective equity interest in the  
policy JV Company.

Restrictions on : Any shareholder of the JV Company who intends to dispose of its interest  
transfer of equity in the JV Company shall grant the other shareholders of the JV Company  
interest in the JV a right of first refusal to such equity interest.  
Company

## **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.

## **REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY**

The establishment of the JV Company is for the development of the Land, and the reasons for and benefits of the Land Acquisition has been disclosed in the announcement of the Company dated 23 September 2022. The Board confirms that (i) the terms of the JV Agreement are on arm's length basis and on normal commercial terms; (ii) the Land Acquisition is in the ordinary and usual course of business of the Group; and (iii) the Land Acquisition and the terms of the JV Agreement, including its financing and profit distribution arrangements, are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Land Acquisition and the formation of the JV Company (which the entire amount of the capital contribution by Suzhou Jiayu, JV Partner A and JV Partner B will form part of, and be used to pay, the Consideration of the Land Acquisition) exceeds 25% but is less than 100%, the Land Acquisition and the formation of the JV Company constitute 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 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. According to the JV Agreement which is prepared on an arm's length basis and on normal commercial terms, the formation of the JV Company is for the single purpose relating to the Land Acquisition and/or development of a specific property which is consistent with the purpose specified in the Land Use Rights Grant Contract. The JV Agreement also contains clauses that the JV Company must not, without the unanimous consent of all the partners of the JV Company, (i) change the nature or scope of its business, and if there are changes then they must still be consistent with the scope or purpose specified in the tender documents of the Land and/or the Land Use Rights Grant Contract relating to the Land Acquisition; or (ii) enter into any transactions which are not on an arm's length basis.

Given that the JV Agreement is in compliance with Rule 14.33A of the Listing Rules, 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**

A circular containing, among other things, (i) details of the Land Acquisition; (ii) terms of the JV Agreement; and (iii) financial information of the Group, is expected to be despatched to the Shareholders on or before 25 November 2022 as more time is needed for the Company to prepare the financial information of the Group as required under Rule 14.66 of the Listing Rules.

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

Hong Kong, 20 October 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.*

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