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(Stock Code: 173)

CONTINUING CONNECTED TRANSACTIONS MASTER LEASE AGREEMENT

On 27 October 2014, the Company and the Lessor have entered into the Master Lease Agreement, pursuant to which, the Company and the Lessor agreed that any Group Company as lessee or licensee (as the case may be) may continue, amend or renew the Existing Leases or enter into new Leases with any Lessor Company as lessor or licensor (as the case may be) in respect of the Lessor Properties from time to time during the Term subject to the Annual Caps.

The Lessor is a connected person of the Company within the meaning of the Listing Rules by virtue of its being a wholly-owned subsidiary of CWL, which is a substantial shareholder of the Company holding approximately 59.29% of the issued share capital of the Company and is the trustee of Lui's Family Trust. Hence, the entering into of the Master Lease Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

Since the applicable percentage ratios are more than 0.1% but less than 5%, the Master Lease Agreement and the transactions contemplated thereunder are subject to the announcement, reporting and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On 27 October 2014, the Company and the Lessor have entered into the Master Lease Agreement, pursuant to which, the Company and the Lessor agreed that any Group Company as lessee or licensee (as the case may be) may continue, amend or renew the Existing Leases or enter into new Leases with any Lessor Company as lessor or licensor (as the case may be) in respect of Lessor Properties from time to time during the Term subject to the Annual Caps.

THE MASTER LEASE AGREEMENT

Date: 27 October 2014

Parties: (1) the Company
(2) the Lessor

Term: the 3-year period commencing from 1 November 2014 to 31 October 2017 (both days inclusive)

Subject matter: any Group Company may continue, amend or renew the Existing Leases or enter into new Leases in respect of Lessor Properties from time to time during the Term subject to the Annual Caps

Other major terms of the Master Lease Agreement include:

- (a) All the terms of the Existing Leases in effect at the effective date of the Master Lease Agreement shall remain in full force and effect notwithstanding the Master Lease Agreement, and any renewal or amendment of the terms of the Existing Leases shall comply with the terms of the Master Lease Agreement.
- (b) The relevant Group Company will notify the relevant Lessor Company when there is a need of renting any Lessor Properties. The relevant Lessor Company shall inform the relevant Group Company in writing if there are Lessor Properties available for leasing or licensing.
- (c) The terms of all Leases (including the renewal of the Existing Leases) shall be negotiated on an arm's length basis and shall be fair and reasonable.
- (d) The rent payable by the relevant Group Companies to the relevant Lessor Company as lessor or licensor (as the case may be) under each Lease will be determined by them with reference to the prevailing market conditions and the rental level of properties with similar size within the same building or, if not available, properties with similar sizes in the vicinity of the Lessor Property to be leased or licensed, and in any event, such rent payable shall not be exceeding the market rent. In the event that the relevant parties agree that the annual rent payable by the relevant Group Company to the relevant Lessor Company in respect of a Lease exceeds HK\$2,000,000, such rent payable shall be confirmed by independent professional valuer as not exceeding the market rent.
- (e) The terms of the Leases (including options to renew thereof, if any) shall expire on or before the expiry date of the Master Lease Agreement.
- (f) In the event that the aggregate annual rent under all the Existing Leases and the Leases exceed the Annual Caps, the Company and the Lessor shall enter into a supplemental agreement to the Master Lease Agreement for the purpose of amending the terms and conditions therein, in particular, the Annual Caps and the Lessor agrees to provide assistance to the Company in complying with the applicable requirements under the Listing Rules.

Annual Caps

The Annual Caps are set out below:

For the 2 months ending 31 December	For the years ending 31 December		For the 10 months ending 31 October
2014 HK\$2,500,000	2015 HK\$16,000,000	2016 HK\$18,000,000	2017 HK\$15,000,000

The Annual Caps are calculated with reference to the estimated aggregated annual rent payable by the Group to the Lessor Group under (a) the Existing Leases, taking into consideration a possible increase of rent of similar properties in the vicinity, and (b) the Leases which will or may be entered into by the Group Companies with any Lessor Company during the Term.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Prior to the entering into of the Master Lease Agreement, the Group has been leasing and/or licensing certain commercial premises and ancillary facilities including but not limited to offices and car parking spaces beneficially owned by the Lessor Group under the Existing Leases. Based on the total rent payable annually under the Existing Leases, the Existing Leases constitute a *de minimis* transaction under Rule 14A.76 of the Listing Rules.

The Group anticipates that based on the administrative, operational, marketing, promotional and sales needs, it will have to continue the Existing Leases and may have to renew such Existing Leases when they expire, and may further enter into new Leases to satisfy the future business needs of the Group from time to time. Accordingly, the Company and the Lessor have entered into the Master Lease Agreement to agree on the Annual Caps and set out a framework of the terms for the Leases to be made or renewed.

In view of the above and that (i) compared with leasing from independent third parties, the Lessor has a better understanding of the Group's requirements in terms of premises required for its usual course of business; and (ii) the amount payable by the relevant Group Companies pursuant to the Existing Leases were not above the market rent and the Lessor agreed that the amount payable under the Leases to be entered into will be determined based on and will not be exceeding the market rent, the Directors (including the independent non-executive Directors) consider that the Leases contemplated under the Master Lease Agreement would be entered into in the ordinary and usual course of business of the Group and the Master Lease Agreement (together with the Annual Caps) has been entered into on normal commercial terms (or better to the Group) after arm's length negotiations between the parties, and the terms of the Leases contemplated under the Master Lease Agreement (together with the Annual Caps) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As Dr. Lui Che-woo, Mr. Francis Lui Yiu Tung, Ms. Paddy Tang Lui Wai Yu and Mr. Alexander Lui Yiu Wah, being all the executive Directors of the Company, are the beneficiaries of the Lui's Family Trust which has 100% indirect shareholding interest in the Lessor, each of them is considered to have material interests in the Master Lease Agreement and has abstained from voting on the resolutions of the Board approving the Master Lease Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

The Lessor is a connected person of the Company within the meaning of the Listing Rules by virtue of its being a wholly-owned subsidiary of CWL, which is a substantial shareholder of the Company holding approximately 59.29% of the issued share capital of the Company and is the trustee of Lui's Family Trust. Accordingly, each Lessor Company is an associate of a substantial shareholder of the Company and is regarded as a connected person of the Company within the meaning of the Listing Rules. Hence, the entering into of the Master Lease Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios are more than 0.1% but less than 5%, the Master Lease Agreement and the transactions contemplated thereunder are subject to the announcement, reporting and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION ABOUT THE COMPANY AND THE LESSOR

The Company

The Company is an investment holding company. Its principal subsidiaries are mainly engaged in property development and property investment in Hong Kong, Mainland China and Singapore.

The Lessor

The Lessor is an investment holding company and the ultimate beneficial owner of which is CWL, the current trustee of the Lui's Family Trust.

DEFINITIONS

“Annual Caps”	the annual aggregate maximum amounts payable by the Group to the Lessor Group under the Existing Leases and the Leases for the Term.
“associate”	having the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“connected persons”	having the meaning ascribed to it under the Listing Rules
“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: 173)

“CWL”	CWL Assets (PTC) Limited, a company incorporated in the British Virgin Islands with limited liability, which is the trustee of Lui’s Family Trust
“Directors”	the directors of the Company
“Existing Leases”	collectively (or individually) the existing Leases entered into between certain Group Companies and certain Lessor Companies in respect of the Leases of certain commercial premises in K. Wah Centre prior to the date of the Master Lease Agreement
“Group”	the Company and its subsidiaries from time to time, and each of them a “Group Company”
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of The People’s Republic of China
“K. Wah Centre”	K. Wah Centre, the address of which is at No.191 Java Road, North Point, Hong Kong
“Leases”	any new or renewed leases, sub-leases or licences to be entered into pursuant to the Master Lease Agreement, and each of them a “Lease”
“Lessor”	Polymate Co., Ltd., a company incorporated in British Virgin Islands with limited liability
“Lessor Group”	the Lessor and its subsidiaries, and each of them, the “Lessor Company”
“Lessor Properties”	properties beneficially owned by the Lessor Group
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Lui’s Family Trust”	a discretionary family trust which is established by Dr. Lui Che-woo as founder, of which members of Lui’s family (including Dr. Lui Che-woo, Mr. Francis Lui Yiu Tung, Ms. Paddy Tang Lui Wai Yu and Mr. Alexander Lui Yiu Wah) are the beneficiaries
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange

“Master Lease Agreement”	the master lease agreement dated 27 October 2014 entered into between the Company and the Lessor in respect of the leasing and/or licensing of the Lessor Properties from time to time during the Term subject to the Annual Caps
“percentage ratios”	percentage ratios as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	having the meaning ascribed to it under the Listing Rules
“Term”	3-year period commencing from 1 November 2014 to 31 October 2017 (both days inclusive)
“%”	per cent.

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

Hong Kong, 27 October 2014

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, Ms. 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. Robin Chan Yau Hing, Dr. William Yip Shue Lam, Professor Poon Chung Kwong, Mr. Au Man Chu and Mr. Wong Kwai Lam.

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