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(Stock Code: 00173)

CONTINUING CONNECTED TRANSACTIONS 2017 MASTER LEASE AGREEMENT

Since the 2014 Master Lease Agreement will expire on 31 October 2017 and the Group expects that the continuing connected transactions contemplated under the 2014 Master Lease Agreement will continue, the Company and the Lessor entered into the 2017 Master Lease Agreement on 23 August 2017, pursuant to which, the Company and the Lessor agreed that any Group Company as lessee or licensee (as the case may be) may 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. The terms of the Leases under the 2017 Master Lease Agreement shall be within the duration of the Term and the amount payable by the Group under the 2017 Master Lease Agreement shall be 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 51.23% 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 2017 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 2017 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

Reference is made to the announcement of the Company dated 27 October 2014 in relation to the entering into of the 2014 Master Lease Agreement.

Since the 2014 Master Lease Agreement will expire on 31 October 2017 and the Group expects that the continuing connected transactions contemplated under the 2014 Master Lease Agreement will continue, the Company and the Lessor entered into the 2017 Master Lease Agreement on 23 August 2017, pursuant to which, the Company and the Lessor agreed that any Group Company as lessee or licensee (as the case may be) may renew the Existing Leases or enter into new Leases with any Lessor Company as lessor or licensor (as the case may be) so far

as their respective terms are within the duration of the Term in respect of Lessor Properties from time to time during the Term subject to the Annual Caps.

THE 2017 MASTER LEASE AGREEMENT

Date: 23 August 2017

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

Term: the 3-year period commencing from 1 November 2017 to 31 October 2020 (both days inclusive)

Subject matter: any Group Company may renew the Existing Leases or enter into new Leases in respect of Lessor Properties from time to time during the Term so far as their respective terms are within the duration of the Term provided that the aggregate annual rent payable by the Group to the Lessor Group under all the Leases subsisting during the Term shall not exceed the Annual Caps

Other major terms of the 2017 Master Lease Agreement include:

- (a) Should a Lease have a term expiring before the end of the Term, the relevant Group Company may request for renewal of any of such Leases by giving notice in writing of such intention to renew to relevant Lessor Company no less than two (2) months prior to the relevant expiration date of the Lease. Upon receipt of such renewal notice, the relevant Lessor Company and the relevant Group Company shall negotiate the terms of such renewal subject to and in compliance with the terms of the 2017 Master Lease Agreement.
- (b) Unless otherwise agreed by the parties, 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 within 7 days from the day of such notification. The parties may then negotiate the terms of the Leases of such identified Lessor Properties subject to and in compliance with the terms of the 2017 Master Lease Agreement. However, the relevant Group Company has no obligation to accept leasing of such identified Lessor Properties unless and until a Lease in relation thereto is signed.
- (c) The terms and conditions of the 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 at the costs of the Group Company 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 Term.
- (f) In the event that the aggregate annual rent under all the Leases exceeds the relevant Annual Caps, the Lessor and the Company shall enter into a supplemental agreement to the 2017 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 historical rental amounts paid or payable by the Group to the Lessor under the 2014 Master Lease Agreement during the relevant term are set out as follows:

For the 2 months ending 31 December	For the years ending 31 December		For the 10 months ending 31 October
2014	2015	2016	2017
HK\$1,555,770	HK\$14,987,954	HK\$15,849,625	HK\$9,668,628

The proposed Annual Caps for the transactions contemplated under the 2017 Master Lease Agreement during the Term are set out below:

For the 2 months ending 31 December	For the years ending 31 December		For the 10 months ending 31 October
2017	2018	2019	2020
HK\$2,000,000	HK\$22,000,000	HK\$22,000,000	HK\$20,000,000

The Annual Caps are calculated with reference to the estimated aggregated annual rent payable by the Group to the Lessor Group under (a) the renewal Leases (of the Existing Leases), taking into consideration the historical rental amounts under the 2014 Master Lease Agreement and a possible increase of rent of similar properties in the vicinity, (b) the Leases which will or may be entered into by the Group Companies with any Lessor Company for their respective terms within the duration of the Term and (c) the Leases of any additional space required by the Group Companies from the Lessor Companies for new projects of the Group Companies.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The entering into of the 2017 Master Lease Agreement is for the continuing administrative, operational, marketing, promotional and sales needs of the Group. Following the expiry of the 2014 Master Lease Agreement, the Group may have to renew some of the Existing Leases when their respective terms 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 entered into the 2017 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 within the duration of the Term.

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; (ii) the amount of rent payable by the relevant Group Companies pursuant to the Existing Leases and the other expired leases entered into under the 2014 Master

Lease Agreement were not above the market rent; and (iii) the Lessor agreed that the amount of rent 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) considered that the Leases contemplated under the 2017 Master Lease Agreement would be entered into, in the ordinary and usual course of business of the Group and that the 2017 Master Lease Agreement (together with the Annual Caps) was 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 2017 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 discretionary 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 2017 Master Lease Agreement and has abstained from voting on the resolutions of the Board approving the 2017 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 51.23% 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 2017 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 2017 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 its ultimate beneficial owner is the Lui's Family Trust, the current trustee of which is CWL.

DEFINITIONS

“2014 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 period from 1 November 2014 to 31 October 2017 (both days inclusive)
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“2017 Master Lease Agreement”	the master lease agreement dated 23 August 2017 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
“Annual Caps”	the annual aggregate maximum amounts payable by the Group to the Lessor Group under the Leases entered into within the duration of the Term pursuant to the 2017 Master Lease Agreement
“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: 00173)
“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 certain Lessor Properties under the 2014 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
“Leases”	any renewal leases of the Existing Leases and other leases, sub-leases or licences to be entered into pursuant to the 2017 Master Lease Agreement and the renewal thereof, 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 settlor, 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 discretionary beneficiaries
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange
“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 2017 to 31 October 2020 (both days inclusive)
“%”	per cent.

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

Hong Kong, 23 August 2017

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, Mr. Au Man Chu and Mr. Wong Kwai Lam.

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