

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



K. WAH INTERNATIONAL HOLDINGS LIMITED
嘉華國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 173)

DISCLOSEABLE TRANSACTION

SALE OF EQUITY INTERESTS IN A JOINTLY CONTROLLED ENTITY

The Board announces that on 18 April 2012, the Company, as one of the sellers, together with Mitsubishi and Tokyu entered into the Shares Transfer Agreement with Shanghai Baosteel as the purchaser, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Company's Equity Interests in Shanghai Baoland at a consideration of RMB858,797,057.5 (equivalent to approximately HK\$1,056,071,148) which will be satisfied fully in cash.

As the highest applicable percentage ratio calculated in accordance with Chapter 14 of the Listing Rules in respect of the Transaction exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction for the Company under the Listing Rules.

WARNING OF THE RISKS OF DEALING IN SHARES OF THE COMPANY

As the Transaction is subject to certain conditions being fulfilled, the Transaction may or may not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the shares of the Company.

1. INTRODUCTION

Reference is made to the announcement and the circular of the Company respectively dated 4 February 2005 and 26 February 2005.

The Board is pleased to announce that on 18 April 2012, the Company, as one of the Sellers, entered into the Shares Transfer Agreement with the Purchaser to sell its 41.5% equity interests in Shanghai Baoland, which represents all of the Group's current interests in Shanghai Baoland) at a consideration of RMB858,797,057.5 (equivalent to approximately HK\$1,056,071,148).

2. THE SHARES TRANSFER AGREEMENT

DATE

18 April 2012

PARTIES

- (i) Shanghai Baosteel, as the purchaser;
- (ii) the Company, as one of the sellers;
- (iii) Mitsubishi, as one of the sellers; and
- (iv) Tokyu, as one of the sellers.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser, Mitsubishi and Tokyu and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons and there was no other previous transaction entered into between the Company and the Purchaser, Mitsubishi and Tokyu before the date of this announcement except for the formation of Shanghai Baoland on 31 January 2005.

3. INTERESTS TO BE SOLD OUT

Pursuant to the Shares Transfer Agreement, the Sellers have conditionally agreed to sell their respective shareholding interests in Shanghai Baoland (i.e. the Company as to 41.5%; Mitsubishi as to 15% and Tokyu as to 2%) and the Purchaser has conditionally agreed to acquire the interests free from all encumbrances and together with all rights attached thereto on the Completion.

The Sale Equity Interests in aggregate represents 58.5% of the registered capital of Shanghai Baoland.

4. CONSIDERATION

The Consideration is a sum of RMB858,797,057.5 (equivalent to approximately HK\$1,056,071,148) which will be paid to the Company by the Purchaser for the Transaction.

The terms and conditions for the sale and acquisition of the equity interests held respectively by Mitsubishi and Tokyu has been negotiated and agreed upon individually among themselves and the Shanghai Baosteel.

The Consideration was determined after arm's length negotiations between the Company and the Purchaser on normal commercial terms taking into account (i) the property development business prospects in PRC; (ii) the net asset value of Shanghai Baoland of approximately RMB1,198.1 million (equivalent to approximately HK\$1,473.3 million) as at 31 December 2011 based on its audited

consolidated financial statements prepared in accordance with the applicable law and accounting standards in PRC; (iii) the valuation of Shanghai Baoland as at 30 November 2011 assessed by Orient Appraisal Co., Ltd., an independent valuer, at approximately RMB2,069.4 million (equivalent to approximately HK\$2,544.7 million); and (iv) the prevailing market condition in PRC for similar transaction at the time of negotiations.

The Consideration shall be paid in cash by the Purchaser in the following manners:

- (i) Within 3 Business Days upon signing of the Shares Transfer Agreement, RMB85,879,705.75 (equivalent to approximately HK\$105,607,115), being 10% of the Consideration, shall be paid by the Purchaser to the Company by remittance of the said sum into the Designated Control Account as stakeholder moneys;
- (ii) Within 3 Business Days upon the relevant PRC government authority having approved the Shares Transfer Agreement and the Transaction, RMB343,518,823 (equivalent to approximately HK\$422,428,459), being 40% of the Consideration shall be paid by the Purchaser to the Company by remittance of the said sum into the Designated Control Account as stakeholder moneys;
- (iii) Within 3 Business Days upon the relevant PRC government authority having accepted for registration the transfer of the Sale Equity Interests, RMB429,398,528.75 (equivalent to approximately HK\$528,035,574), being 50% of the Consideration shall be paid by the Purchaser to the Company by remittance of the said sum into the Designated Control Account as stakeholder moneys; and
- (iv) Within 5 Business Days upon the completion of the registration with the relevant PRC government authority of the transfer of the Sale Equity Interests to Shanghai Baosteel and the issuance by the relevant PRC government authority of the relevant approval for the remittance of the Consideration, the Purchaser shall instruct the Designated Banker to draw the sum representing the Consideration from the Designated Control Account and deposit the same into the bank account of the Company.

5. CONDITIONS PRECEDENT FOR COMPLETION

Completion of the Shares Transfer Agreement is conditional upon:

- (i) approval for the Shares Transfer Agreement and the transactions contemplated thereunder having been obtained from the relevant PRC government authority;
- (ii) the board of directors of Shanghai Baoland having passed all resolutions required for the Shares Transfer Agreement and the transactions contemplated thereunder ;

- (iii) the Shares Transfer Agreement and other transaction documents (where applicable) having been executed with proper and sufficient authority and becoming valid and binding obligations, and enforceable in laws, on or by, the Purchaser and the Sellers;
- (iv) there having been no event of defaults under the Shares Transfer Agreement occurred before the Completion;
- (v) there having been no event of force majeure which renders the objective of the Shares Transfer Agreement unable to realize before the Completion; and
- (vi) there having been no adverse material change occurred before the Completion.

In the event that the conditions precedent have not been fulfilled by either the Purchaser or the Sellers (“*Non-fulfilled Party*”) or otherwise waived by the party entitled to giving a waiver within 90 days upon the signing of the Shares Transfer Agreement, the Completion shall automatically be extended to a further period of 30 days (“*Long Stop Date*”).

In the event that the conditions precedent are not fulfilled by the Non-fulfilled Party within the Long Stop Date or otherwise waived, any one of the other parties, by serving a written notice on the Non-fulfilled Party, shall be entitled to terminate the Shares Transfer Agreement. Upon termination, the Non-fulfilled Party shall remain liable for the non-fulfillment of the conditions precedent under the Shares Transfer Agreement.

6. COMPLETION

Within 3 Business Days upon satisfaction or waiver, as the case may be, of all the conditions precedent as set out in the preceding paragraph, Completion shall take place where the Sellers shall procure the registration of the transfer of the Sale Equity Interests to Shanghai Baosteel with the relevant PRC government authority.

As set forth in the paragraph headed “Consideration” above, within 5 Business Days upon the completion of the registration of the transfer of the Sale Equity Interests to Shanghai Baosteel with the relevant PRC government authority and the issuance by the relevant PRC government authority of the relevant approval for the remittance of the Consideration, the Purchaser shall instruct the Designated Banker to draw the sum representing the Consideration from the Designated Control Account and deposit the same into the bank account of the Company.

7. REASON FOR AND BENEFIT OF THE TRANSACTION AND USE OF PROCEEDS

The Directors consider that it is now a ripe opportunity for the Group to dispose of the Company’s Equity Interests at a profit and realize its investment in the Company’s Equity Interests.

The Company will benefit from a stronger liquidity and overall financial position of the Group and can also direct all of its corporate resources previously occupied by the investment in the Company's Equity Interests to other business of the Group that may be of higher growth potential.

The Directors (including the independent non-executive Directors) consider that the terms of the Shares Transfer Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net proceeds of the Transaction received by the Company will be applied towards the Group's general working capital.

8. FINANCIAL EFFECT OF THE TRANSACTION

Upon Completion, the Company will no longer hold any interest in Shanghai Baoland and the Group is expected to recognize an unaudited gain of approximately HK\$300 million in its accounts. Such gain is the difference between the Consideration and the net book value of the Company's Equity Interests of approximately HK\$710 million as at 31 December 2011 and after deducting the expenses incurred by the Group for the Transaction.

9. INFORMATION ON THE COMPANY, MITSUBISHI, TOKYU AND SHANGHAI BAOSTEEL

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

Shanghai Baosteel is a state-owned corporation. Its principal businesses include steel manufacturing and land development in PRC.

Mitsubishi is a company listed on the Tokyo Stock Exchange. Its principal businesses include business in energy, metal, machinery, chemical and living essential and investment in land development.

Tokyu is a company listed on the Tokyo Stock Exchange with principal business in land development investment.

10. INFORMATION ON SHANGHAI BAOLAND

Shanghai Baoland is a sino-foreign equity joint venture company established under the Joint Venture Contract, the Capital Increase Agreement and the Articles of Association, all dated 31 January 2005 and entered into among Shanghai Baosteel, the Company, Mitsubishi and Tokyu and the equity interest in which are held by Shanghai Baosteel as to 41.5%, the Company as to 41.5%, Mitsubishi as to 15% and Tokyu as to 2% respectively. Its principal business is property development and investment in Shanghai and Beijing of the PRC.

For detailed information on Shanghai Baoland, please refer to the announcement and the circular of the Company respectively dated 4 February 2005 and 26 February 2005.

Set out below is the summary of the audited financial information of Shanghai Baoland prepared in accordance with the PRC generally accepted accounting principles for the two financial years ended 31 December 2010 and 2011:

	For the year ended 31 December 2011 (RMB million)	For the year ended 31 December 2010 (RMB million)
Net Asset Value (excluding minority interest)	1,198.1	1,188.5
Net gain before taxation and extraordinary items	11.3	86.5
Net gain after taxation and extraordinary items	9.6	70.2

11. GENERAL

As the highest applicable percentage ratio calculated in accordance with Chapter 14 of the Listing Rules in respect of the Transaction exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction for the Company under the Listing Rules.

12. DIRECTORS

As at the date of this announcement, the Executive Directors are Dr. Che-woo Lui (*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.

WARNING OF THE RISKS OF DEALING IN SHARES OF THE COMPANY

As the Transaction is subject to certain conditions being fulfilled, the Transaction may or may not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

“Articles of Association”	the sino-foreign equity joint venture articles of association dated 31 January 2005 entered into between the Company, Shanghai Baosteel, Mitsubishi and Tokyu in relation to, amongst other things, the increase in registered capital of Shanghai Baosteelland Co. Ltd. (上海寶鋼地產有限公司), the transformation of Shanghai Baosteelland Co. Ltd. (上海寶鋼地產有限公司) into, and the establishment of, Shanghai Baoland
“Board”	the board of Directors
“Business Day”	any day on which commercial banks in Shanghai, PRC are generally open for business and interbank deposit and withdrawal services
“Capital Increase Agreement”	the capital increase agreement dated 31 January 2005 entered into between the Company, Shanghai Baosteel, Mitsubishi and Tokyu and Shanghai Baosteelland Co. Ltd. (上海寶鋼地產有限公司) in relation to, amongst other things, the increase in registered capital of Shanghai Baosteelland Co. Ltd. (上海寶鋼地產有限公司), the transformation of Shanghai Baosteelland Co. Ltd. (上海寶鋼地產有限公司) into, and the establishment of, Shanghai Baoland
“Completion”	completion of the Transaction pursuant to the Shares Transfer Agreement by the parties thereto
“Company”	K. Wah International Holdings Limited, an exempted company incorporated with limited liability in Bermuda, the shares of which are listed on the main board of the Stock Exchange
“Company’s Equity Interests”	the equity interests of 41.5% held directly by the Company in the registered capital of Shanghai Baoland
“connected person”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the total consideration for the Transaction, being RMB858,797,057.5 (equivalent to approximately HK\$1,056,071,148), payable by the Purchaser to the Company in accordance with the Shares Transfer Agreement
“Designated Control Account”	a bank account to be opened and maintained with the Designated Banker under the Escrow Agreement

“Designated Banker”	Shanghai Pudong Branch of Bank of China Limited (中國銀行股份有限公司上海市浦東分行) appointed pursuant to the Escrow Agreement
“Director(s)”	the director(s) of the Company
“Escrow Agreement”	the escrow agreement titled 「中國銀行股份有限公司賬戶收支銀企通產品協議」 to be entered into among the Purchaser, the Sellers and the Designated Banker pursuant to the Shares Transfer Agreement
“Group”	the Company and its subsidiaries
“Hong Kong” and “HK\$”	respectively, the Hong Kong Special Administrative region of the PRC and Hong Kong dollars, the lawfully currency of Hong Kong
“Joint Venture Contract”	the sino-foreign equity joint venture contract dated 31 January 2005 entered into between the Company, Shanghai Baosteel, Mitsubishi and Tokyu in relation to, amongst other things, the increase in registered capital of Shanghai Baosteelland Co. Ltd. (上海寶鋼地產有限公司), the transformation of Shanghai Baosteelland Co. Ltd. (上海寶鋼地產有限公司) into, and the establishment of, Shanghai Baoland
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mitsubishi”	Mitsubishi Corporation (三菱商事株式會社), a company incorporated in Japan and listed on the Tokyo Stock Exchange
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity Interests”	the 58.5% shareholding interests in Shanghai Baoland, respectively held as to 41.5% by the Company, as to 15% by Mitsubishi and as to 2% by Tokyu, being the subject equity interests under the Shares Transfer Agreement
“Shares Transfer Agreement”	the shares transfer agreement titled 「股權轉讓協議」 and dated 18 April 2012 entered into among Shanghai Baosteel as the purchaser and the Company, Mitsubishi and Tokyu as the sellers in respect of the Sale Equity Interests
“Sellers”	collectively the Company, Mitsubishi and Tokyu

“Shanghai Baoland”	Shanghai Baoland Co., Ltd. (上海寶地置業有限公司), a sino-foreign equity joint venture company and the equity interests in which are held by Shanghai Baosteel as to 41.5%, the Company as to 41.5%, Mitsubishi as to 15% and Tokyu as to 2% respectively
“Shanghai Baosteel” or “Purchaser”	Shanghai Baosteel Group Company (寶鋼集團有限公司), a state-owned corporation incorporated in the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the sale of the Company’s Equity Interests to Shanghai Baosteel pursuant to the Shares Transfer Agreement
“Tokyu”	Tokyu Land Corporation (東急不動產株式會社), a company incorporated in Japan and listed on the Tokyo Stock Exchange
“%”	percentage

For mere illustration purpose in this announcement, the amounts denominated in RMB are translated into HK\$ at the exchange rate of RMB0.8132 to HK\$1.00.

Certain English translations of Chinese names or words in this announcement are included for illustration only and should not be relied upon as the official translation of such Chinese names or words.

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

Hong Kong, 18 April 2012