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CONNECTED TRANSACTION RELATING TO THE SALES OF PROPERTY UNITS OF CHANTILLY

The Board announces that on 6 May 2011, Grand Spark (an indirect wholly-owned subsidiary of the Company) as the vendor entered into the Preliminary Agreements with each of the Purchasers for the sale and purchase of the Property Units at an aggregate purchase price of HK\$255,990,000.00.

Each of the Purchasers is a company controlled and/or beneficially owned by the respective named executive Directors of the Company and is therefore an associate of the connected persons of the Company under Rule 14A.11 of the Listing Rules. Accordingly, the sales of the Property Units by the Group to the Purchasers constitute connected transactions of the Company under the Listing Rules. Under Rule 14A.25 of the Listing Rules, the sales of the Property Units to the Purchasers will be aggregated for the purpose of calculating the relevant applicable percentage ratios stipulated by Rule 14.04(9) of the Listing Rules as they were all entered into by Grand Spark and would be completed within a 12-month period, and involve sales of Property Units at the same estate of development, namely “Chantilly”. The aggregate purchase price of the sales of the Property Units exceeds 0.1% but is less than 5% of certain applicable percentage ratios, the Transaction is only subject to the reporting and announcement requirements but is exempted from the independent shareholders’ approval requirement under Rule 14A.32 of the Listing Rules.

INTRODUCTION

The Board announces that on 6 May 2011, Grand Spark (an indirect wholly-owned subsidiary of the Company) as the vendor entered into the Preliminary Agreements with each of Ocean Peak, Creative Champion and Golden Class, in respect of the Transaction.

(I) PRELIMINARY AGREEMENT FOR THE SALE AND PURCHASE OF UNIT 5B

1. Date: 6 May 2011
2. Vendor: Grand Spark
3. Purchaser: Ocean Peak
4. Property: Flat B on the 5th Floor and Carpark Space No. C5 & Motorcycle Space No. M2 on Ground Floor of Chantilly, No. 6 Shiu Fai Terrace, Stubbs Road, Hong Kong
5. Purchase price: HK\$75,854,000.00
6. Payment Terms:
 - (i) An initial deposit of an amount equivalent to 5% of the purchase price will be paid upon the signing of the Preliminary Agreement.
 - (ii) A further deposit of an amount equivalent to 5% of the purchase price will be paid on or before 10 June 2011.
 - (iii) The balance of the purchase price will be paid on or before 11 July 2011.
7. Date of signing of the Formal Agreement: on or before 11 May 2011
8. Date of Completion: on or before 11 July 2011

(II) PRELIMINARY AGREEMENT FOR THE SALE AND PURCHASE OF UNIT 3B

1. Date: 6 May 2011
2. Vendor: Grand Spark
3. Purchaser: Creative Champion
4. Property: Flat B on the 3rd Floor and Carpark Spaces Nos. C1 & C2 on Ground Floor of Chantilly, No. 6 Shiu Fai Terrace, Stubbs Road, Hong Kong
5. Purchase price: HK\$74,987,000.00

6. Payment Terms:

- (i) An initial deposit of an amount equivalent to 5% of the purchase price will be paid upon the signing of the Preliminary Agreement.
- (ii) A further deposit of an amount equivalent to 5% of the purchase price will be paid on or before 10 June 2011.
- (iii) The balance of the purchase price will be paid on or before 11 July 2011.

7. Date of signing of the Formal Agreement: on or before 11 May 2011

8. Date of Completion: on or before 11 July 2011

(III) PRELIMINARY AGREEMENT FOR THE SALE AND PURCHASE OF UNIT 2B

1. Date: 6 May 2011

2. Vendor: Grand Spark

3. Purchaser: Golden Class

4. Property: Flat B on the 2nd Floor including the Landscape Podium Roof, the Swimming Pool and the Sunken Planter and Carpark Space No. C3 & Motorcycle Space No. M1 on Ground Floor of Chantilly, No. 6 Shiu Fai Terrace, Stubbs Road, Hong Kong

5. Purchase price: HK\$105,149,000.00

6. Payment Terms:

- (i) An initial deposit of an amount equivalent to 5% of the purchase price will be paid upon the signing of the Preliminary Agreement.
- (ii) A further deposit of an amount equivalent to 5% of the purchase price will be paid on or before 10 June 2011.
- (iii) The balance of the purchase price will be paid on or before 11 July 2011.

7. Date of signing of the Formal Agreement: on or before 11 May 2011

8. Date of Completion: on or before 11 July 2011

The aggregate purchase price for the Transaction amounts to HK\$255,990,000.00.

Under each of the Preliminary Agreements, in the event the Purchaser fails to pay the further deposit and/or enter into the Formal Agreement in accordance with the Preliminary Agreement, the initial deposit shall be liable to be absolutely forfeited by the Vendor who may rescind the sale and resell the property unit as the Vendor deems fit. Any deficiency in price and all expenses attending the resale shall be borne by the Purchaser and recoverable by the Vendor while any increase in price shall belong to the Vendor.

REASON FOR AND BENEFIT OF THE SALES OF THE PROPERTY UNITS

The Company is an investment holding company and its subsidiaries are principally engaged in property development and property investment in Hong Kong, Mainland China and Singapore. The sales of the Property Units at “Chantilly”, a residential project developed by the Group, are thus usual business of the Group.

As at the date of this announcement, all the Property Units have not been subject to any leasehold interest since the completion of “Chantilly” development project.

The purchase price for sale of each of the Property Units was determined following arm’s length negotiations between Grand Spark and each of the Purchasers and was based on the prevailing market prices for similar properties transacted at the time of negotiations. The proceeds of the sales of the Property Units will be used as general working capital of the Group. The aggregate market value of the Property Units was valued by an independent professional valuer at 27 April 2011 amounting to HK\$233 million. Subject to audit, it is expected that the Group will record a total profit before taxation of approximately HK\$137 million as a result of the Transaction.

In view of the Transaction capable of bringing a profit to the Group, the Directors, including the independent non-executive directors, are of the opinion that the terms of the sales of each of the Property Units are fair and reasonable and were entered into in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE VENDOR AND THE PURCHASERS

Grand Spark was incorporated in Hong Kong on 4 November 2005 with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in property development and is the property developer of “Chantilly”.

Ocean Peak is an investment holding company incorporated in Hong Kong on 1 April 2011 with limited liability. It is solely and beneficially owned by Ms. Paddy Tang Lui Wai Yu, an executive Director of the Company.

Creative Champion is an investment holding company incorporated in Hong Kong on 31 March 2011 with limited liability. It is solely and beneficially owned by Mr. Alexander Lui Yiu Wah, an executive Director of the Company.

Golden Class is an investment holding company incorporated in the British Virgin Islands on 31 March 2011 with limited liability. It is indirectly held by a company which is the trustee of a discretionary trust of which Mr. Francis Lui Yiu Tung, Ms. Paddy Tang Lui Wai Yu and Mr. Alexander Lui Yiu Wah, all being executive Directors of the Company, and their respective associates are the discretionary objects.

IMPLICATIONS UNDER THE LISTING RULES

Each of the Purchasers is a company controlled and/or beneficially owned by the respective named executive Directors of the Company and is therefore an associate of the connected persons of the Company under Rule 14A.11 of the Listing Rules. Accordingly, the sales of the Property Units by the Group to the Purchasers constitute connected transactions of the Company under the Listing Rules.

Under Rule 14A.25 of the Listing Rules, the sales of the Property Units to the Purchasers will be aggregated for the purpose of calculating the relevant applicable percentage ratios stipulated by Rule 14.04(9) of the Listing Rules as they were all entered into by Grand Spark and would be completed within a 12-month period, and involve sales of Property Units belonging to the same estate of development, namely “Chantilly”.

The aggregate purchase price of the sales of the Property Units exceeds 0.1% but is less than 5% of certain applicable percentage ratios, the Transaction is only subject to the reporting and announcement requirements but is exempted from the independent shareholders’ approval requirement under Rule 14A.32 of the Listing Rules. As Mr. Francis Lui Yiu Tung, Ms. Paddy Tang Lui Wai Yu and Mr. Alexander Lui Yiu Wah are materially interested in the Transaction and the Chairman, being their respective associate, is taken to be so interested, they are required to abstain from voting on the board resolutions to approve the Transaction. Details of the Transaction will be included in the next published annual report and accounts of the Company according to Rules 14A.45 of the Listing Rules.

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, Mr. Alexander Lui Yiu Wah and Ms. Claudia Cheung Man Wan; the Non-executive Director is Dr. Moses Cheng Mo Chi; and the Independent Non-executive Directors are Dr. Robin Chan Yau Hing, Mr. Robert George Nield, Dr. William Yip Shue Lam and Professor Poon Chung Kwong.

DEFINITIONS

“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Chairman”	Dr. Che-woo Lui, the Chairman of the Board of the Company and is the father of Mr. Francis Lui Yiu Tung, Ms. Paddy Tang Lui Wai Yu and Mr. Alexander Lui Yiu Wah (all are the executive Directors of the Company)
“Chantilly”	a residential property development situated at No.6 Shiu Fai Terrace, Stubbs Road, Hong Kong and developed by Grand Spark
“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
“Completion”	completion of the Transaction by the Vendor and each of the Purchasers pursuant to the terms of their respective Preliminary Agreements and/or their respective Formal Agreement
“connected person”	has the meaning ascribed to it in the Listing Rules
“Creative Champion”	Creative Champion Limited, the purchaser of Unit 3B, a company incorporated in Hong Kong on 31 March 2011 with limited liability and is solely and beneficially owned by Mr. Alexander Lui Yiu Wah, an executive Director of the Company and the son of the Chairman and the younger brother of Mr. Francis Lui Yiu Tung and Ms. Paddy Tang Lui Wai Yu
“Director(s)”	the director(s) of the Company
“Formal Agreement(s)”	the formal agreements for sale and purchase to be entered into between the Vendor and each of the Purchasers in respect of the Transaction and where the context so admits, the respective formal agreement between the Vendor and each of the Purchasers

“Golden Class”	Golden Class Investments Limited, the purchaser of Unit 2B, a company incorporated in the British Virgin Islands on 31 March 2011 with limited liability and is indirectly held by a company which is the trustee of a discretionary trust of which Mr. Francis Lui Yiu Tung, Ms. Paddy Tang Lui Wai Yu and Mr. Alexander Lui Yiu Wah and their respective associates are the discretionary objects
“Grand Spark” or “Vendor”	Grand Spark Limited, the developer of Chantilly and the vendor of the Transaction, a company incorporated in Hong Kong on 4 November 2005 with limited liability and is indirectly wholly-owned by the Company
“Group”	the Company and its subsidiaries
“Hong Kong” and “HK\$”	respectively, the Hong Kong Special Administrative region of the People’s Republic of China and Hong Kong dollars, the lawfully currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ocean Peak”	Ocean Peak International Limited, the purchaser of Unit 5B, a company incorporated in Hong Kong on 1 April 2011 with limited liability and is solely and beneficially owned by Ms. Paddy Tang Lui Wai Yu, an executive Director of the Company and the daughter of the Chairman and the elder sister of Mr. Francis Lui Yiu Tung and Mr. Alexander Lui Yiu Wah
“Preliminary Agreement(s)”	the three preliminary agreements for the sales and purchase of each of the Property Units dated 6 May 2011 and entered into between Grand Spark as the vendor and each of Ocean Peak, Creative Champion and Golden Glass as the purchasers and where the context so admits, the respective preliminary agreement between the Vendor and each of the Purchasers
“Property Units”	collectively Unit 5B, Unit 3B and Unit 2B
“Purchaser(s)”	collectively and individually Ocean Peak, Creative Champion and Golden Class
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transaction”	the proposed sales of the Property Units by Grand Spark to the Purchasers
“Unit 5B”	Flat B on the 5th Floor (with a gross floor area of 3,600 square feet) and Carpark Space No. C5 & Motorcycle Space No. M2 on Ground Floor of Chantilly, No. 6 Shiu Fai Terrace, Stubbs Road, Hong Kong
“Unit 3B”	Flat B on the 3rd Floor (with a gross floor area of 3,600 square feet) and Carpark Spaces Nos. C1 & C2 on Ground Floor of Chantilly, No. 6 Shiu Fai Terrace, Stubbs Road, Hong Kong
“Unit 2B”	Flat B on the 2nd Floor (with a gross floor area of 3,600 square feet) including the Landscape Podium Roof, the Swimming Pool and the Sunken Planter and Carpark Space No. C3 & Motorcycle Space No. M1 on Ground Floor of Chantilly, No. 6 Shiu Fai Terrace, Stubbs Road, Hong Kong
“%”	per cent.

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

Hong Kong, 6 May 2011