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**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  
ACQUISITION OF 7% INTEREST  
IN AN INDIRECT NON-WHOLLY OWNED SUBSIDIARY**

On 26 November 2007, Ragon (a wholly-owned subsidiary of the Company) has entered into the SPA with Sojitz under which Ragon has agreed to acquire the Sale Shares and the Shareholder's Loan to Chely Well from Sojitz for a total consideration of HK\$30,000,000. Chely Well is a subsidiary of the Company. Sojitz and its ultimate beneficial owner are Independent Third Parties. The Sale Shares represents Sojitz's entire 7% shareholding in the Chely Well. On completion of the Acquisition, Sojitz will cease to hold any shares in Chely Well. The shareholding of the Company in Chely Well will increase from 65% to 72%. Chely Well has a 55% interest in JHD which is the registered owner of the (Shanghai) K. Wah Centre in the PRC.

As the relevant percentage ratio (as defined under the Listing Rules) exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction under the Listing Rules. The Company will send a circular to the Shareholders in accordance with the requirements of the Rule 14.38 of the Listing Rules.

**1. KEY TERMS OF THE SPA**

Date : 26 November 2007

Parties : (A). Sojitz as the vendor and (B). Ragon as the purchaser

Subject of the Acquisition : The Sale Shares together with the Shareholder's Loan

Consideration and payment: In aggregate HK\$30,000,000 all in cash, as to which HK\$6,482,984.60 is for the Sale Shares, HK\$20,517,015.40 is for the Shareholder's Loan and HK\$3,000,000 as agreed service fee to Sojitz's wholly-owned subsidiary New Channel Management Limited as fees for consultation services given by New Channel Management Limited to Sojitz only, for the

purposes of negotiating and liaising in respect of the SPA. Ragon has paid a deposit of HK\$3,000,000 to Sojitz on signing of the SPA and will pay the balance of HK\$27,000,000 to Sojitz and New Channel Management Limited on Completion.

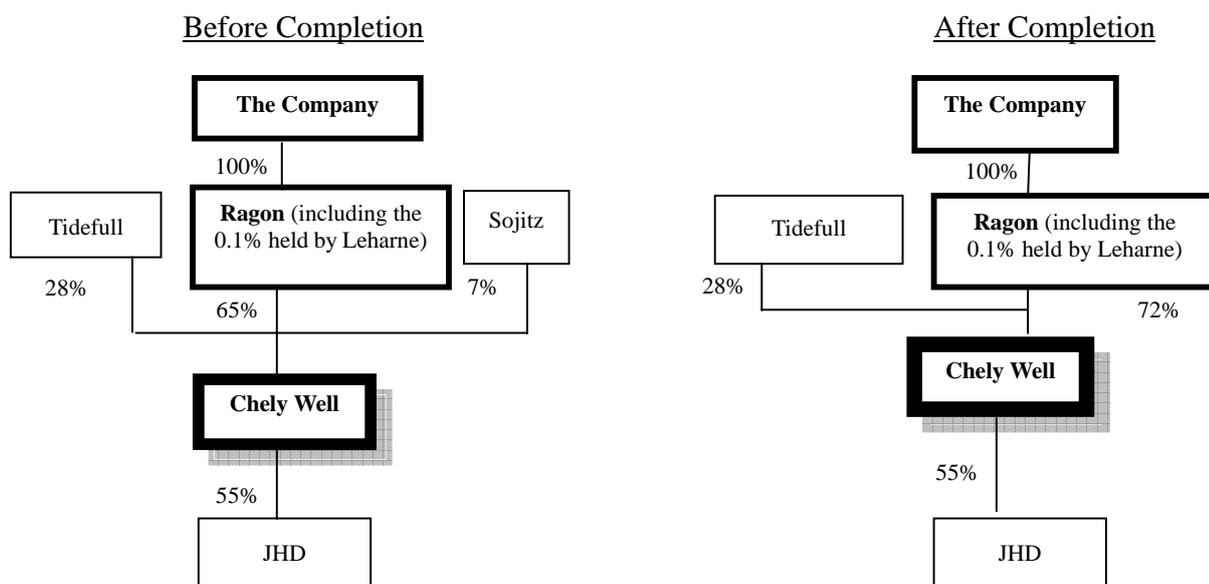
**Completion:** On 30 November 2007 whereupon, against Ragon's payment in full of the balance of the consideration, Sojitz will transfer the Sale Shares and assign the Shareholder's Loan to Ragon.

If there is any non-compliance with the SPA, then without prejudice to its rights and remedies under the SPA, the party who is not in default may : (i) defer Completion; (ii) proceed to Completion with the party who is in default so far as practicable; or (iii) terminate the SPA. If Ragon is in default and Sojitz terminates the SPA, Sojitz is entitled to forfeit the Deposit. If Sojitz defaults and Ragon terminates the SPA, Sojitz shall return the Deposit to Ragon and will in addition liable to Ragon for damages up to a limit of HK3,000,000.00. The Company will make a further announcement if any of these events occurs.

**Guarantee:** Ragon has agreed to indemnify Sojitz for loss and damage which Sojitz may suffer on account of liability (if any) on a guarantee executed by Sojitz (together with others) on 26 September 1996 in favour of HSBC with respect to mortgage loans of the end-buyers of JHD's residential project in Shanghai, the PRC, known as the Pacific Court (上海太平洋广场). The Company was advised by the HSBC (Shanghai Branch) that, as of the date hereof, there was no outstanding amount on such mortgage loans.

## **2. SHAREHOLDINGS OF CHELY WELL BEFORE AND AFTER THE ACQUISITION**

Before the Acquisition, the Company (through Ragon (64.9%) and Leharne (0.1%)) has a 65% interest in Chely Well, and Tidefull has a 28%, and Sojitz has a 7% interest in Chely Well. Sojitz and its ultimate beneficial owner are Independent Third Parties. Leharne is an (indirect) wholly owned subsidiary of the Company, and Ragon is Leharne's wholly owned subsidiary. The simplified shareholding structure of Chely Well before and after Completion is as follows :



After Completion, the Company will have 72%, Sojitz will cease to have any and Tidefull retains its 28% interest in Chely Well.

### 3. THE CONSIDERATION

The consideration for the Acquisition was arrived at after arm's length negotiations between the Parties and is on normal commercial terms after taking into account the total assets of Chely Well of HK\$2,946,533,783 and total liabilities of Chely Well of HK\$1,749,471,855, as of 31 December 2006, being the date of the audited consolidated financial statements of Chely Well. The net asset of Chely Well is HK\$526,691,169 (after minority interest). The consideration represents a discount of HK\$6,868,382 (or 18.6%) to the net assets value of Chely Well attributable to the Sale Shares as of the date of the audited consolidated financial statements of Chely Well. The Company will pay the consideration from the internal resources of the Group.

### 4. INFORMATION ON CHELY WELL AND JHD

Chely Well is an indirect non-wholly owned subsidiary of the Company (held as to 65% before, and as to 72% after Completion, by the Company). Chely Well is an investment holding company, and the sole asset of significance is its 55% interest in JHD.

The shareholders of JHD are Chely Well (55%), Max Orient Holdings Limited (30%), and Shanghai Xu Fang (Group) Co. Ltd. (15%). Max Orient Holdings Limited and Shanghai Xu Fang (Group) Co. Ltd are companies respectively incorporated in Hong Kong and the PRC. Both before and after Completion, both Chely Well and JHD are and will be consolidated in the Company's accounts and treated as a subsidiary. Save for being substantial shareholders of JHD, a subsidiary of the Company, Max Orient Holdings Limited and Shanghai Xu Fang (Group) Co. Ltd. are Independent Third Parties.

JHD is the registered owner of the Property, which is its sole asset of significance. The Property comprises a Grade-A office tower together with 2 ancillary buildings (with a total gross floor area of, approximately, 72,000 square metres) located in the inner ring of Shanghai city. The Property was completed in 2005. The Company is occupying the whole of the 18th floor and the rest of the Property is now fully let to tenants.

## **5. INFORMATION ON THE COMPANY**

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

## **6. INFORMATION ON RAGON**

Ragon is an investment holding company and an indirect wholly owned subsidiary of the Company. Ragon has a 64.9% interest in the Chely Well. Neither Ragon nor Leharne (which holds a 0.1% interest in Chely Well) has previously purchased any interest in Chely Well from Sojitz.

## **7. INFORMATION ON SOJITZ**

Sojitz is a wholly owned subsidiary of the Sojitz Corporation (a company incorporated in Japan and together the “*Sojitz Group*”). Sojitz is principally engaging in import and export and general trading business in Hong Kong. The Sojitz Group is a well-known world wide conglomerate and their businesses include not only trading, import and export but also investment. New Channel Management Limited is a wholly owned subsidiary of Sojitz and is engaging in property business mainly in Hong Kong.

To the best of the knowledge, information and belief of the Directors (having made all reasonable enquiries), both Sojitz and New Channel Management Limited and their respective ultimate beneficial owners are all Independent Third Parties.

## **8. FINANCIAL EFFECT OF THE ACQUISITION**

The audited net profits of Chely Well for the two financial years ended 31st December 2005 and 2006 attributable to the Sale Shares were :

	2005 (HK\$)		2006 (HK\$)	
	before tax	after tax	before tax	after tax
Consolidated profit	380,343,843	230,451,929	1,069,301,791	739,455,664
Profit attributable to the Sale Shares	26,624,069	16,131,635	74,851,125	51,761,896

The audited net asset value of Chely Well amounted to HK\$526,691,169 (after minority interest) as at 31st December 2006. The total assets of Chely Well, is HK\$2,946,533,783, upon a revaluation of the Property at HK\$2,801,761,560 as of 31 December 2006.

## **9. REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Property is a grade-A office in Shanghai. The Property has achieved 100% occupancy since its completion in early 2005, providing good and recurring rental income from corporate tenants. Given its good location in the inner ring of the Shanghai city, and the chance of future rent increase on renewal of the current tenancies, there is also good potential for further capital appreciation on the Property. After the Acquisition, the effective interest of the Company in JHD which holds the Property will increase, from previously 35.75%, to 39.6%. The Acquisition is reasonably priced with discount to the net assets value and enables the Company to have a greater share in the rental income stream and a bigger exposure to future capital gain on the Property. This is consistent with the strategy of the Group on long-term holding of quality property investments.

The Directors consider that the terms of the SPA are fair and reasonable and that the Acquisition is in the interest of the Company and the Shareholders as a whole.

## **10. LISTING RULES IMPLICATION**

As the relevant percentage ratio (as defined under the Listing Rules) exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. The Company will send a circular to the Shareholders in accordance with the requirements of Chapter 14 of the Listing Rules.

## **11. DIRECTORS OF THE COMPANY**

At the date of this announcement, the executive directors of the Company are Dr. Che-woo Lui (Chairman), Mr. Francis Lui Yiu Tung, Mr. Eddie Hui Ki On, Mr. Lennon Lun Tsan Kau, and Ms. Paddy Tang Lui Wai Yu, and the non-executive directors are Mr. Michael Leung Man Kin and Dr. Philip Wong Kin Hang, and the independent non-executive directors are Sir David Akers-Jones, Dr. The Hon. Leo Lee Tung Hai, Dr. Robin Chan Yau Hing, Dr. Charles Cheung Wai Bun and Mr. Robert George Nield.

## 12. DEFINITIONS

In this announcement, unless otherwise states, the following expressions means:

“%”	Percent
“Acquisition”	the proposed acquisition by Ragon of the Sale Shares in Chely Well currently held by Sojitz and the Shareholder’s Loan
“Board”	the Board of Directors of the Company
“Chely Well”	Chely Well limited, a company incorporated in Hong Kong with limited liability and a subsidiary of the Company
“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 Acquisition by the parties pursuant to the terms of the SPA
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“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
“Independent Third Party”	independent third party not connected with the Company, any director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associates as defined in the Listing Rules
“JHD”	Shanghai Jia Hui Da Real Estate Development Co., Ltd. (上海嘉滙達房地產開發經營有限公司), a sino-foreign equity joint venture established in Mainland China
“Leharné”	Leharné Properties Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	Ragon and Sojitz, and “Party” is any one of them
“PRC”	The People’s Republic of China
“Property”	Shanghai K. Wah Centre, Lot No. 26, Street No. 6, Huaihai Zhong Road, Xuhui District, Shanghai, the PRC which sole registered owner is JHD
“Ragon”	Ragon Properties Limited, a company incorporated in the British Virgin Island and is an indirect wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC

“Sale Shares”	all those 70 (fully paid-up) ordinary shares, representing 7% interest, of and in the issued share capital of Chely Well, held legally and beneficially by Sojitz which are the subject of the Acquisition
“Shareholder’s Loan”	The total sum of HK\$20,517,015.40 (including interest of HK\$10,773,141.04 accrued up to Completion) due and owing by Chely Well to Sojitz which is to be assigned – on Completion – by Sojitz to Ragon pursuant to the terms of the SPA
“Sojitz”	Sojitz (Hong Kong) Limited (formerly, Nissho Iwai Hong Kong Corporation Ltd.), a company incorporated in Hong Kong
“SPA”	the SPA for sale and purchase of shares dated 26 November 2007 between Ragon and Sojitz under which Ragon has agreed to acquire the Sale Shares and the Shareholder’s Loan from Sojitz
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tidefull”	Tidefull Investment Limited, a company incorporated in Liberia with limited liability and belongs to the group of companies of which Pioneer Global Group Limited forms part. Pioneer Global Group Limited is a company incorporated in Bermuda with limited liability which shares are listed on the Main Board of the Stock Exchange

By Order of the Board of  
**K. Wah International Holdings Limited**  
**Ricky Chan Ming Tak**  
*Company Secretary*

Hong Kong, 26 November 2007

*For the purpose of this announcement:*

- (1) *certain English translations of Chinese names or words in this circular are included for information purpose only, and should not be relied upon as the official translation of such Chinese names or words; and*
- (2) *the exchange rate used in this announcement is HK\$1 = RMB1.03.*