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(Stock Code: 00173)

MAJOR TRANSACTION ACQUISITION OF LAND USE RIGHTS IN NANJING, THE PRC

ACQUISITION OF LAND USE RIGHTS

The Board is pleased to announce that on 21 October 2020, the Purchaser, an indirect wholly-owned subsidiary of the Company, won the bid in respect of the Land Use Rights of the Land situated at Nanjing, the PRC through listing-for-sale at a consideration of RMB4,790 million (equivalent to approximately HK\$5,546 million). The Land Use Rights Grant Contract in respect of the Land Acquisition is expected to be entered into on 5 November 2020.

LISTING RULES IMPLICATIONS

The Land Acquisition constitutes a transaction under Chapter 14 of the Listing Rules as certain portions of the properties to be developed on the Land will be held for sale while the remaining portions will be held as non-current assets for recurring income. As one of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Land Acquisition exceeds 25% but is less than 100%, the Land Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules.

As the Group's principal business activities include property development, the Company is regarded as a Qualified Issuer under Rule 14.04(10B) of the Listing Rules. Besides, the Land Acquisition is regarded as a Qualified Property Acquisition under Rule 14.04(10C) of the Listing Rules as it involves an acquisition of governmental land(s) from a PRC Governmental Body through listing-for-sale governed by the PRC laws (as defined under the Listing Rules), which is undertaken by the Group via the Purchaser on a sole basis in its ordinary and usual course of business. As such, the Land Acquisition is subject to reporting and announcement requirements but exempt from Shareholders' approval requirement pursuant to Rule 14.33A of the Listing Rules.

GENERAL

As more time is needed for the Company to prepare the financial information of the Group as required under Rule 14.66 of the Listing Rules, the circular containing, among other things, (i) details of the Land Acquisition; and (ii) financial information of the Group, will not be able to be despatched to the Shareholders within 15 business days (as defined under the Listing Rules) from the date of this announcement. It is expected that the circular will be despatched to the Shareholders on or before 30 November 2020.

ACQUISITION OF LAND USE RIGHTS

The Board is pleased to announce that on 21 October 2020, the Purchaser, an indirect wholly-owned subsidiary of the Company, won the bid in respect of the Land Use Rights of the Land situated at Nanjing, the PRC. The Land Use Rights Grant Contract in respect of the Land Acquisition is expected to be entered into on 5 November 2020, the major terms of which are set out below:

- Scheduled date of entering into the Land Use Rights Grant Contract : 5 November 2020
- Parties : (1) Nanjing Municipal Planning and Natural Resources Bureau (as the transferor); and
(2) the Purchaser (as the transferee)
- Location of the Land : The Land parcel is situated at south of Jiangdongnan Road and east of Qinglian Street, Shuangzha Street, Jianye District in Nanjing, the PRC and it reaches Wuhou Street to the east, Yuanqian Road to the south, Qinglian Street to the west, and Jiangdongnan Road to the north* (中國南京建鄴區雙閘街道江東南路以南、青蓮街以東地塊，東至吳候街，南至元前路，西至青蓮街，北至江東南路)
- Total site area : 148,316.25 square meters, inclusive of 40,390.93 square meters as underground land transfer site area
- Total gross floor area : Approximately 477,000 square meters
- Bidding security deposit : HK\$2,800 million has been paid by the Purchaser on 16 October 2020 as the bidding security deposit and shall be returned to the Purchaser within three business days after the settlement of 50% of the Consideration under the payment terms below
- Consideration : RMB4,790 million (equivalent to approximately HK\$5,546 million)
- Payment terms : The Consideration shall be paid by the Purchaser in the following manner:
(1) 50% of the Consideration, i.e., RMB2,395 million (equivalent to approximately HK\$2,773 million), shall be payable by 23 November 2020; and
(2) the remaining 50% of the Consideration, i.e., RMB2,395 million (equivalent to approximately HK\$2,773 million) shall be payable by 21 April 2021
- Date of delivery of the Land : The Land will be delivered to the Purchaser by 30 April 2021 provided that full payment of the Consideration has been made by the Purchaser in accordance with the payment terms of the Land Use Rights Grant Contract

- Term of the Land Use Rights and use of the Land : The Land is designated for residential usage with a term of 70 years and non-residential usage (including commercial, apartment, office and hotel usage) with a term of 40 years
- Other information : Certain properties to be developed on the Land for commercial, office and hotel usage will be held as non-current assets for recurring income

BASIS FOR DETERMINING THE CONSIDERATION

The Consideration was determined by the successful bid of the Land by the Purchaser through listing-for-sale which was conducted in accordance with the relevant PRC laws and regulations. The Purchaser considered the bidding price for the Land was fair after taking into account, among other things, (i) the base price of the bid of RMB4,790 million set by Nanjing Municipal Planning and Natural Resources Bureau; (ii) the current property market conditions in Jianye District, Nanjing, the PRC and areas nearby; and (iii) the location and development potential of the Land. No independent valuation has been taken as reference for setting the bidding price.

The Group intends to finance the Consideration by internal resources and external financing.

REASONS FOR AND BENEFITS OF THE LAND ACQUISITION

The Land is located in the south of Hexi New Town, Jianye District, Nanjing, the PRC, which is a core urban district of great potential for development of properties. The Land is located in close proximity to the central business district of Hexi and next to Wuhoujie Metro Station. In view of the prime location of the Land and the good public transportation networks in the surrounding area, the Land Acquisition is expected to bring a satisfactory return to the Group from the disposal of the properties to be developed on the Land which are to be held for sale, and generate future recurring income and capital value from the retained portions of the properties on the Land. The Board considers that the Land Acquisition will replenish the land bank of the Group for development and provide a valuable investment opportunity which is in line with the business development strategy and planning of the Group.

The Board is of the view that the Land Acquisition is in the Group's ordinary and usual course of business, the terms of the Land Acquisition are fair and reasonable and the Land Acquisition is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company

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

The Purchaser

The Purchaser is an indirectly wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability. It is an investment holding company, whose subsidiary is to be principally engaged in the development of the Land.

Nanjing Municipal Planning and Natural Resources Bureau

Nanjing Municipal Planning and Natural Resources Bureau is a bureau established by the local government of Nanjing and a PRC Governmental Body within the meaning of Rule 19A.04 of the Listing Rules. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Nanjing Municipal Planning and Natural Resources Bureau and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

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DEFINITIONS

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

“Board”	the board of Directors
“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)
“Consideration”	RMB4,790 million (equivalent to approximately HK\$5,546 million), being the total consideration payable by the Purchaser for the Land Acquisition

“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	the land parcel with a total site area of 148,316.25 square meters situated at south of Jiangdongnan Road and east of Qinglian Street, Shuangzha Street, Jianye District in Nanjing, the PRC and reaches Wuhou Street to the east, Yuanqian Road to the south, Qinglian Street to the west, and Jiangdongnan Road to the north* (中國南京建鄴區雙閘街道江東南路以南、青蓮街以東地塊，東至吳候街，南至元前路，西至青蓮街，北至江東南路)，with the land parcel file number* (宗地編號) 320105003004GB00056 and the land parcel number* (地塊編號) 2020G72
“Land Acquisition”	the acquisition of the Land Use Rights of the Land by the Purchaser
“Land Use Rights”	the state-owned construction land use rights* (國有建設用地使用權) of the residential usage with a term of 70 years, and non-residential usage (including commercial, apartment, office and hotel usage) with a term of 40 years
“Land Use Rights Grant Contract”	the state-owned construction land use rights grant contract* (國有建設用地使用權出讓合同) in Chinese language and is expected to be entered into between Nanjing Municipal Planning and Natural Resources Bureau as the transferor and the Purchaser as the transferee in relation to the Land Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange (excluding the option market) operated by the Stock Exchange
“Nanjing Municipal Planning and Natural Resources Bureau”	Nanjing Municipal Planning and Natural Resources Bureau* (南京市規劃和自然資源局)，a bureau established by the local government of Nanjing and a PRC Governmental Body within the meaning of Rule 19A.04 of the Listing Rules
“percentage ratios”	percentage ratios set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Governmental Body”	has the meaning ascribed to it under Rule 19A.04 of the Listing Rules

“Purchaser”	Raise Corporation Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Qualified Issuer”	has the meaning ascribed to it under Rule 14.04(10B) of the Listing Rules
“Qualified Property Acquisition”	has the meaning ascribed to it under Rule 14.04(10C) of the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holder(s) of the ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 21 October 2020

As at the date of this announcement, the Executive Directors of the Company are Dr. Lui Che-woo (Chairman and 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. William Yip Shue Lam, Mr. Wong Kwai Lam and Mr. Nip Yun Wing.

For the purpose of this announcement, unless otherwise indicated, the conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 = HK\$1.1578. Such rate is for the purpose of illustration only and does not constitute a representation that any amount in question in RMB or HK\$ has been or could have been or may be converted at such or another rate or at all.

** For identification purpose only*

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