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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 TRANSACTIONS  
AND  
FORMATION OF A JOINT VENTURE  
FOR DEVELOPMENT OF LAND IN HONG KONG**

The Board announces that Wealthy Vision (an indirect wholly-owned subsidiary of the Company) has entered into the MOA in respect of the Joint Venture for the purpose of developing the Land. Under the MOA, the Company has agreed to acquire a 25% equity interest in the JV Company. The total commitment of the Company in the Joint Venture will exceed 5% but not exceed 25% of one or more of the percentage ratios under Rule 14.07 of the Listing Rules as applicable to the Company. Accordingly, the formation of the Joint Venture constitutes a Discloseable Transaction. The Company intends to dispatch a circular to the Shareholders within the time and containing such details as are required by the Listing Rules.

**(I) DATE OF THE MOA:** 4 April 2007

**(II) PARTIES TO THE MOA**

1. (A) Nan Fung Development, a company beneficially owned by Mr. Chen Din Hwa, and (B) Nan Fung Resources, a company beneficially owned by Ms. Chen Wai Wai Vivien.
2. King Chance, a wholly-owned subsidiary of Sino Land Company Limited.
3. Wealthy Vision, an indirect wholly-owned subsidiary of the Company.
4. Wideway Concept, an indirect wholly-owned subsidiary of USI Holdings Limited.

To the best of the Directors' information, knowledge and belief (upon making reasonable enquiries), Nan Fung Development, Mr. Chen Din Hwa, Nan Fung Resources, Ms. Chen Wai Wai Vivien and each of the entities in 2 and 4 above in this section (II) are Independent 3rd Parties.

### (III) MAJOR TERMS OF THE MOA

#### Purpose of the Joint Venture

The JV Company is formed for the purpose of developing the Land and management of the estate to be developed thereon. The business of the JV Company will be to invest in Ace Glory and the business of Ace Glory will be to construct on and develop the Land.

The Land is held under the Land Grant for a term of 50 years from 13 March 2007 under which it can only be used for private residential purposes. The site area of the Land is (about) 19,902 square meters, and maximum gross floor area for development on the Land is 69,657 square meters, according to the Land Grant. Ace Glory (a wholly-owned subsidiary of the JV Company) will finalize the Land Grant (as grantee of the Land) with the Hong Kong Government after it pays in full the land premium of HK\$3,500,000,000 on 10 April 2007. The share of land premium will be in proportion to each JV party's respective equity interest in the JV Company.

#### Ownership Of Ace Glory & the JV Company

The board of directors of the JV Company and Ace Glory will comprise, in both cases, 8 directors, 3 of whom are nominated by Nan Fung Development, 2 each by King Chance and Wealthy Vision, and 1 by Wideway Concept.

Pursuant to the terms of the MOA, Nan Fung Development will transfer (at par) 250 issued shares which it has in the JV Company to Wealthy Vision, as well as 50 issued shares to Nan Fung Resources, 250 issued shares to King Chance, and 150 issued shares to Wideway Concept, after which the shareholdings of the JV Company will be as described in (A) of this section (III). The shareholding of Ace Glory is that as described in (B) of this section (III).

#### (A) THE JV COMPANY

<u>Name of Shareholder</u>	<u>No. of issued shares to hold</u>	<u>% of equity interest</u>
1. Nan Fung Development	300	30%
2. Nan Fung Resources	50	5%
3. King Chance	250	25%
4. Wealthy Vision	250	25%
5. Wideway Concept	150	15%
TOTAL	<u>1,000 (US\$1.00 each)</u>	<u>100%</u>

## **(B) ACE GLORY**

<u>Name of Shareholder</u>	<u>No. of issued shares held</u>	<u>% of equity interest</u>
1. The JV Company	<u>One (HK\$1.00 each)</u>	<u>100%</u>

### **Executive committee**

There is an executive committee under Ace Glory which is responsible for overseeing and monitoring the development and the day-to-day administration and management of development project on the Land. The executive committee reports to the board of the Ace Glory and consists of 4 committee members. Nan Fung Development and Nan Fung Resources together nominate one, and each of King Chance, Wealthy Vision, and Wideway Concept nominates one representative to the executive committee.

### **Financing of the JV Company & Ace Glory**

Wealthy Vision and each of the JV Partners will finance the development of the Land (including the provision (on a several but not joint, or joint and several, basis) of guarantees (and, if required, guarantees by their respective holding companies) to lender(s) for external financing to Ace Glory or to the JV Company (as the case may be)) according to their respective equity interest in the JV Company.

## **(IV) CONSIDERATION & COMMITMENT OF THE COMPANY UNDER THE JOINT VENTURE**

Pursuant to the terms of the MOA, Wealthy Vision will pay for its 250 shares (representing 25% equity interest) in the issued share capital of the JV Company, and the Company will pay (pro rata to its own 25% interest) HK\$875,000,000 (including the HK\$12,500,000 it advanced on its (25%) share of the part payment of the Land premium) to finance the payment of the balance of the land premium by Ace Glory on 10 April 2007.

The total construction and development cost is estimated to be HK\$1,350,000,000. The Company will finance its proportionate (25%) share of the construction and development cost of the Land by Ace Glory by providing (several/pro rata) guarantee for bank borrowings by the JV Company and/or Ace Glory, and by way of shareholder's loan to the JV Company and/or Ace Glory.

The total commitment of the Company in the Joint Venture is (on present estimation) HK\$1,212,500,000 (subject to such changes as the Company and the JV Partners may from time to time agree) as follows:-

- |  |                 |
|--|-----------------|
| 1. 25% share of land premium                       | HK\$875,000,000 |
| 2. 25% share of construction and development costs | HK\$337,500,000 |

The Company will finance its total commitment through internal resources and bank financing.

## **ABOUT NAN FUNG DEVELOPMENT AND NAN FUNG RESOURCES**

The Company has been informed that Nan Fung Development is wholly-owned by Chen's Holdings Limited, which is 100% beneficially owned by Mr. Chen Din Hwa. Nan Fung Development is principally engaged in the property development and investment in Hong Kong. Nan Fung Resources is wholly-owned by Crosby Investment Holdings Inc. and is an investment holding company. Ms Chen Wai Wai Vivien, who is the daughter of Mr. Chen Din Hwa, beneficially owns 100% of Nan Fung Resources.

## **ABOUT KING CHANCE**

The Company has been informed that King Chance is an investment holding company and a wholly-owned subsidiary of Sino Land Company Limited, which is principally engaged in the property development and investment in Hong Kong and whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 83).

## **ABOUT WIDEWAY CONCEPT**

The Company has been informed that Wideway Concept is an indirect wholly-owned subsidiary of USI Holdings Limited, which is an investment holding company. The principal subsidiaries of USI Holdings Limited are engaged in garment manufacturing and trading, branded products distribution, property rental and management, property development, property development management, provision of hospitality management services, and investing activities. The shares of USI Holdings Limited are listed on the Main Board of the Stock Exchange (Stock Code: 369).

## **ABOUT WEALTHY VISION**

Wealthy Vision is an indirect wholly-owned subsidiary of the Company, which is an investment holding company. The principal subsidiaries of the Company are mainly engaged in property development and investment in The People's Republic of China, Hong Kong and South East Asia.

## **REASONS FOR THE ACQUISITION AND THE FORMATION OF THE JOINT VENTURE**

The Directors are optimistic about the property market in Hong Kong, especially the luxury residential sector. The Board believes that the acquisition of the interest in the Land through the Joint Venture will enhance not only the Group's asset portfolio but

also strengthen the position of the Group in the luxury residential market in Hong Kong. The Directors consider that the Joint Venture is on normal commercial terms, which are fair and reasonable so far as the Company and the Shareholders are concerned, and that the Joint Venture is in the interest of the Company and the Shareholders as a whole.

## GENERAL

The acquisition by the Company of a 25% interest in the JV Company and its financing commitment exceed 5% but does not exceed 25% of one or more of the applicable percentage ratios (as defined in the Listing Rules), and as such, it constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular on the Joint Venture in accordance with the requirements of the Listing Rules will be dispatched to the Shareholders as soon as practicable.

The MOA is binding on Wealthy Vision, the JV Company, and the JV Partners and will in due course be replaced by a shareholders agreement among the same parties, whereupon the MOA will terminate.

In the event that there is a material change to the terms of the MOA as described in this announcement, the Company will issue further announcement or supplemental circular (as the case may require). If there is any increase in the total capital commitment of the Company in the Joint Venture that will put the applicable percentage ratios to beyond 25%, the Company will comply with the relevant requirements of Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement:

<u>“Ace Glory”</u>	Ace Glory Limited, a company incorporated in Hong Kong with registered office presently at 9th Floor, Central Building, 3 Pedder Street, Hong Kong.
<u>“associates”</u>	has the meanings ascribed thereto in the Listing Rules.
<u>“Board”</u>	refers to the board of directors of the Company.
<u>“Company”</u>	K. Wah International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange.
<u>“Director(s)”</u>	refers to the director(s) of the Company.
<u>“Group”</u>	collectively refers to the Company and its subsidiaries.

<u>“Hong Kong” and “HK\$”</u>	respectively, the Hong Kong Special Administrative Region of the People’s Republic of China and Hong Kong dollar (the lawfully currency of Hong Kong).
<u>“Independent 3rd Party”</u>	a 3rd party independent of the Company and connected persons of the Company (being a director, chief executive, or substantial shareholder of the Company or any of its subsidiaries or an associate of any of them).
<u>“Joint Venture”</u>	refers to the joint venture of the Company and the JV Partners formed for development of the Land through the JV Company and Ace Glory on the terms of the MOA.
<u>“JV Company”</u>	Full Raise International Limited, a company incorporated in British Virgin Islands with registered office at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands, formed pursuant to the terms of the MOA for the purpose of the Joint Venture.
<u>“JV Partners”</u>	collectively refers to Nan Fung Development, Nan Fung Resources, King Chance and Wideway Concept, and “JV Partner” is any one of them.
<u>“King Chance”</u>	King Chance Development Limited, a company incorporated in Hong Kong that is beneficially owned by Sino Land Company Limited and is an Independent 3rd Party.
<u>“Land Grant”</u>	the Agreement and Conditions of Sale in respect of the Land to be entered into by Ace Glory with the Hong Kong Government.
<u>“Land”</u>	that piece of land registered in the Land Registry (New Territories) as Tai Po Town Lot No.188 at Pak Shek Kok Reclamation Phase I, Site C, Tai Po, New Territories, Hong Kong as described in the Land Grant.
<u>“Listing Rules”</u>	the Rules Governing the Listing of Securities on the Stock Exchange.
<u>“MOA”</u>	a Memorandum of Agreement dated 4 April 2007 among Wealthy Vision, the JV Company, and the JV Partners for the formation of the Joint Venture.
<u>“Nan Fung Development”</u>	Nan Fung Development Limited, a company incorporated in Hong Kong that is beneficially owned by Mr. Chen Din Hwa and an Independent 3rd Party.

<u>“Nan Fung Resources”</u>	Nan Fung Resources Limited, a company incorporated in Hong Kong that is beneficially owned by Ms. Chen Wai Wai Vivien (who is the daughter of Mr. Chen Din Hwa) and an Independent 3rd Party.
<u>“Shareholder(s)”</u>	refers to the shareholder(s) of the Company.
<u>“Stock Exchange”</u>	The Stock Exchange of Hong Kong Limited.
<u>“Wealthy Vision”</u>	Wealthy Vision Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company.
<u>“Wideway Concept”</u>	Wideway Concept Limited, a limited company established in Hong Kong and an indirect wholly-owned subsidiary of USI Holdings Limited.
<u>“%”</u>	percentage.

*As at the date of this announcement, the Executive Directors 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; 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.*

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

Hong Kong, 4 April 2007