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KingswayGroup

SW KINGSWAY CAPITAL HOLDINGS LIMITED

滙富金融控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00188)

(1) MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF 50% OF THE ISSUED SHARE CAPITAL OF TOTAL EXPRESS INVESTMENTS LIMITED AND ASSIGNMENT OF DEBT AND (2) RESUMPTION OF TRADING

The Board is pleased to announce that on 26 November 2009, FDL, a wholly owned subsidiary of the Company which holds a 50% interest in the share capital of TEIL, the Company, the Purchaser and the Purchaser Guarantor entered into a Share Purchase Agreement pursuant to which FDL agreed to sell and the Purchaser agreed to purchase FDL's 50% shareholding interest in TEIL for a total consideration of approximately RMB 172,242,264 (HK\$194,943,794). The consideration will be paid in cash. The cash consideration will be paid into an escrow account and will be released by the Escrow Agent to the Company pursuant to the terms of the Escrow Agreement. The Company, as the parent company guarantor, guarantees the due performance by FDL of its obligations under the Agreement. The Purchaser Guarantor, as the holder of 100% of the share capital of the Purchaser, guarantees the due performance by the Purchaser of its obligations under the Agreement. OBL, WTL and LDL, indirect wholly owned subsidiaries of TEIL, jointly hold the entire interest in the Property, valuation of which was approximately RMB330,000,000 (approximately, HK\$374,446,840) as at 30 June 2009.

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules exceed 25% but are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to shareholders' approval in accordance with Chapter 14 of the Listing Rules. A circular containing, amongst others, further details of the Agreement together with the valuation report of the Property prepared by the Valuer will be dispatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 27 November 2009 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 1 December 2009.

* For identification purposes only

INTRODUCTION

The Board is pleased to announce that on 26 November 2009, FDL, a wholly owned subsidiary of the Company which holds a 50% interest in the share capital of TEIL, the Company, the Purchaser and the Purchaser Guarantor entered into a Share Purchase Agreement pursuant to which FDL agreed to sell and the Purchaser agreed to purchase FDL's 50% shareholding interest in TEIL for a total consideration of approximately RMB 172,242,264 (HK\$194,943,794). The consideration will be paid in cash. The cash consideration will be paid into an escrow account and will be released by the Escrow Agent to the Company pursuant to the terms of the Escrow Agreement. The Company, as the parent company guarantor, guarantees the due performance by FDL of its obligations under the Agreement. The Purchaser Guarantor, as the holder of 100% of the share capital of the Purchaser, guarantees the due performance by the Purchaser of its obligations under the Agreement. OBL, WTL and LDL, indirect wholly owned subsidiaries of TEIL, jointly hold the entire interest in the Property, valuation of which was approximately RMB330,000,000 (approximately, HK\$374,446,840) as at 30 June 2009.

SALE AND PURCHASE AGREEMENT

(1) **Date:** 26 November 2009

(2) **Parties:**

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| Vendor: | FDL, an investment holding company, wholly owned by the Company |
| Purchaser: | ACE Scheme Limited, a company wholly owned by Mr. Long Riu Ming |
| Vendor's Guarantor: | The Company |
| Purchaser's Guarantor: | Mr. Long Riu Ming |

(3) **Shares to be disposed of:**

FDL's interest in 1,000 shares of TEIL, representing 50% shareholding interest in TEIL, which through indirect wholly owned subsidiaries, OBL, WTL and LDL, holds the entire interest in the Property.

(4) **Consideration:**

The total consideration for the transaction will be the aggregate of:

- (a) RMB170,242,264 (approximately HK\$192,680,194).
- (b) RMB 2,000,000 (approximately HK\$2,263,600), being the agreed sum for settlement of half of the sum of the Sinking Fund.

- (c) Such sum as equivalent to half of the sum of the Remaining Cash Balance as shown in TEIL's Completion Accounts. For reference, as of 30 September 2009, the Remaining Cash Balance was HK\$1,687,030. The Company estimates that the amount of the Remaining Cash Balance as at the date of the Completion Accounts will be between HK\$1,000,000 and HK\$3,000,000 and it will be paid by the Purchaser to the Vendor on the Completion Date.

The consideration amount was arrived at after arms length negotiations between the parties, having regard to the valuation of the Property as at 30 June 2009, the assets and liabilities of TEIL and its subsidiaries and the PRC property market environment.

The Consideration will be paid or settled in the following manner:–

- (a) RMB8,612,113 (approximately HK\$9,747,189), being the “First Deposit” and part payment for the Transaction, will be paid by the Purchaser to the Vendor on the fifth Business Day after the signing of this agreement;
- (b) RMB34,448,452 (approximately HK\$38,988,758), being the “Further Deposit” and part payment for the Transaction, will be paid by the Purchaser to the Vendor upon the fulfilment of the Due Diligence; and
- (c) The balance of the Consideration, will be paid by the Purchaser to the Vendor on the Completion Date.

All of the amounts set out in above shall be deposited with the Escrow Agent who will act as an escrow agent in accordance with the terms of the escrow arrangement set out in the Escrow Agreement.

On the fulfilment of the Due Diligence, the First Deposit and the Further Deposit shall be released to the Vendor to repay part of the Mortgage so that the Vendor may repay the remaining balance of the Mortgage to enable the Company to get a release of the Mortgage and discharge of the Company's guarantee in respect of the Mortgage.

(5) Conditions:

Completion is conditional upon:

- (i) Completion of due diligence (“Due Diligence”) to be conducted on the transaction, the Property, the Sale Shares, TEIL and its subsidiaries;

- (ii) The Purchaser having obtained a legal opinion issued by Lei Jie Law Office, a law firm qualified to practice PRC laws certifying (i) TEIL's title to the Property free from encumbrances other than those disclosed in the Agreement or the disclosure letter; and (ii) that the development scheme of the Property has been approved by all the relevant authorities without any outstanding payment of land premium, fees or charges (other than the usual and nominal application and/or handling charges) as required by the government or competent authorities which have a material adverse effect on the title, marketability, safety and inhabitability of the Property;
- (iii) the shareholders (or independent shareholders, if required) of the Company having passed the relevant resolutions at its general meeting approving this Agreement and the transactions contemplated thereunder;
- (iv) the controlling shareholder (as defined under Listing Rules) of the Company having undertaken to vote in favour of the resolutions in respect of approving this Agreement and the transactions contemplated thereunder, if applicable;
- (v) all Vendor's warranties remaining true and accurate and not misleading in any material respect as if repeated at Completion and at all times between the date of this Agreement and Completion except as may be disclosed in a disclosure letter;
- (vi) The property management contract with Jones Lang La Salle in relation to the Property having been terminated;
- (vii) Encumbrances on the Property having been discharged;
- (viii) Encumbrances on the Sale Shares, including the waiver or expiration of Marubeni's right of first refusal and tag-along rights, having been discharged or waived; and
- (ix) all necessary consents, approvals and authorisations having been obtained from all relevant authorities in Hong Kong and the PRC and in any other applicable jurisdiction and any other third parties in connection with the Transaction and other transactions contemplated thereunder and the implementation of the transactions contemplated hereunder and all other matters incidental hereto.

As an additional condition to Completion, the Purchaser shall not be obligated to complete the transaction unless the acquisition of the Other Sale Shares having been completed unless the failure to acquire the Other Sale Shares is due to the Purchaser's wilful and deliberate failure to comply with the terms of the agreement to purchase the Other Sale Shares. The Transaction contemplates that the Purchaser will own 100% of the share capital of TEIL on Completion.

In the event that any of the conditions precedent shall not have been fulfilled (or waived) prior to the Long Stop Date or such other date as may be agreed upon by the parties, the Agreement shall terminate and cease to be of any effect, the Vendor shall refund all amounts paid in advance of Completion to the Purchaser.

(6) Completion

Completion shall take place by 5:00pm on or before the fifth Business Days after all the Conditions Precedent have been fulfilled or waived (in any event, not earlier than the 30th day after the payment of the Further Deposit by the Purchaser to the Vendor) at the office of the Escrow Agent or at such other place, on such other time and/or day as the parties may agree in writing.

At Completion, the Vendor will assign the Debt to the Purchaser, which as of 30 September 2009, amounted to approximately HK\$158,219,208.

THE PROPERTY

The Property was acquired by the Group at a contract price of RMB236,182,869 (approximately HK\$222,898,140 as at 13 April 2005) by OBL and WTL in April 2005 with a purpose of expanding the Company's assets base and diversification of its investment portfolio. The ownership of the Property was later re-structured to be held by OBL, WTL and LDL collectively, each of which is an indirect wholly owned subsidiary or TEIL.

At present, the Property has been refurbished and is operating as serviced apartments. Valuation of the Property as at 30 June 2009, amounting to RMB 330,000,000 (approximately HK\$374,446,840), was given by the Valuer, a professional valuer, who is independent of and not connected with the Company, its subsidiaries, connected persons (as defined in the Listing Rules) of the Company and any of the directors, chief executive and substantial shareholders of the Group or the Purchaser. The valuation of the Property represents its "market value" which is defined as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably prudently and without compulsion." Valuation gain on investment property attributable to appreciation of value of the Property amounting to HK\$106,210,856 of which HK\$53,105,428 was recognized in consolidated financial statements of the Company as at 30 June 2008. Valuation loss on investment property attributable to depreciation of value of the Property amounting to HK\$ 30,285,272 of which HK\$15,142,636 was recognized in consolidated financial statements of the Company as at 30 June 2009.

EFFECTS AND FINANCIAL IMPLICATION OF DISPOSAL

TEIL was established by the Company as a wholly owned subsidiary to indirectly acquire and hold the entire interest in the Property, which was acquired in October 2005. In October 2006, the Company sold a 50% interest in TEIL to Marubeni, a conglomerate in Japan, with significant experience in property investment and the management of serviced apartments in the PRC. To the best of the Director's knowledge, information and belief, Marubeni is a third party independent of the Company, its subsidiaries and connected persons (as defined in the Listing Rules). It was the intention of the Company and Marubeni to develop the Property into quality serviced apartments to cater to high-end residential users, mainly the expatriates in Beijing. The purchase price for the sale to Marubeni was based on the valuation of the Property as at 30 June 2006, which amounted to RMB 288,600,000 (approximately HK\$280,357,490 as at that date). On completion of the sale to Marubeni, the Company and Marubeni

entered into a Shareholders' Agreement, which gave the other party a right of first refusal ("ROFR") and a tag-along right ("TAR") in the event the other party wished to sell its interest in TEIL to a third party.

In August 2009, Marubeni indicated to the Company that it intended to sell its 50% interest in TEIL and would thereby cease to jointly manage the Property. Notice of the sale was given pursuant to the Shareholders Agreement. After careful consideration, the Directors including the Independent Non-Executive Directors, resolved that due to the financial position of the Company, the Company should not exercise the ROFR. Additionally, as the consideration as set out in Marubeni's notice of sale was less than 50% of the RMB330,000,000 estimated value of the Property, the Board resolved that the Company should not exercise the TAR. Notice of this transaction will be sent to Marubeni pursuant to the terms of the Shareholders' Agreement.

According to the audited financial statements of TEIL (on a consolidated basis), as at 30 June 2008, the total assets and net assets of TEIL amounted to HK\$444,879,276 and HK\$114,414,273, respectively. For the financial year ended 30 June 2008, the revenue and net profits (before and after taxation) amounted to HK\$7,944,775 and HK\$89,685,691 and HK\$81,695,484, respectively.

According to the audited financial statements of TEIL (on a consolidated basis), as at 30 June 2009, the total assets and net assets of TEIL amounted to HK\$409,694,698 and HK\$78,275,133, respectively. For the financial year ended 30 June 2009, the revenue and net loss (before and after taxation) amounted to HK\$14,263,707 and HK\$37,522,665 and HK\$36,139,140, respectively.

Upon Completion of the Disposal, the Company will no longer have any equity interest in TEIL and/or any interest in the Property. It is expected that there will be a loss of approximately HK\$1,000,000 derived from the Disposal. However, the Disposal will result in a gross cash inflow of approximately HK\$139,943,794 before deduction of all necessary charges.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group is principally engaged in the business of investing in securities, stock and futures brokerage, provision of financial advisory services, asset management, money lending and other securities related financial services. With the departure of Marubeni, the Directors are of the view that the disposal of the Property is in the best interest of the Company and the shareholders. Upon Completion of the Disposal, the Company will have a gross cash inflow of approximately HK\$139,943,794 which it will use as working capital to focus on its core business.

The Directors (including independent non-executive directors) are of the view that the terms of the Agreement were negotiated on an arm's length basis and were agreed on normal commercial terms and are fair and reasonable. The Directors consider that the Agreement is in the interest of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross cash inflow derived from the Disposal under the Agreement of approximately HK\$139,943,794, will be applied as general working capital to focus on the Company's core business of the Company after Completion.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules exceed 25% but are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to shareholders' approval in accordance with Chapter 14 of the Listing Rules.

A circular containing, amongst others, further details of the Agreement together with the valuation report of the Property prepared by the Valuer will be dispatched to the Shareholders as soon as practicable.

INFORMATION OF THE GROUP AND THE PURCHASER

The principal activities of the Group, save for the investment in the Property, are investment in securities, stock and futures brokerage, provision of financial advisory services, asset management, money lending and other securities related financial services.

To the best of the Company's knowledge, the Purchaser is an investment holding company wholly owned by the Purchaser Guarantor and the Purchaser Guarantor, Mr. Long Riu Ming, is a real property investor. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners and Mr. Long Riu Ming are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 27 November 2009 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 1 December 2009.

DEFINITIONS

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| “Agreement” | a share purchase agreement dated 26 November 2009 entered into, among others, by FDL as vendor, the Company as vendor guarantor, the Purchaser as purchaser, Mr. Long Riu Ming as purchaser guarantor pursuant to which the Purchaser agreed to acquire 1,000 shares of TEIL representing 50% of shareholding interest in TEIL from FDL |
| “Assignment” | the assignment of the Debt by the Company to Purchaser on Completion |
| “Board” | the board of Directors |

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| “Business Day” | a date on which banks are open for business in Hong Kong (excluding Saturday and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong) |
| “Company” | SW Kingsway Capital Holdings Limited, a company incorporated in Bermuda and the shares of which are listed on the main board of the Stock Exchange |
| “Completion” | completion of the Agreement |
| “Completion Accounts” | the consolidated financial accounts of TEIL and its subsidiaries as at 30 November 2009 |
| “Completion Date” | the day falling on the fifth Business Day after the conditions precedent are fulfilled or otherwise waived (or such later date as FDL and the Purchaser may agree in writing prior to Completion) |
| “Consideration” | The total consideration for the transaction is the aggregate of: <ul style="list-style-type: none"> (a) RMB170,242,264. (b) RMB 2,000,000, being the agreed sum for settlement of half of the sum of the Sinking Fund. (c) Such sum as equivalent to half of the sum of the Remaining Cash Balance as shown in TEIL’s Completion Accounts. |
| “Debt” | Includes the shareholder loan in the principal amount of HK\$96,580,811, interest on the shareholder loan in the amount of HK\$4,073,751, Mortgage to be paid in the amount of HK\$55,000,000 and management fee in the amount of HK\$2,564,646 for a total amount of approximately HK\$158,219,208 as at 30 September 2009. |
| “Directors” | the directors of the Company |
| “Disposal” | the disposal of 50% of shareholding interest in TEIL by FDL pursuant to the Agreement |
| “Escrow Agent” | the escrow agent to be appointed pursuant to the provisions of the Agreement |
| “Escrow Agreement” | the escrow agreement in the agreed form, to be entered into by and between FDL, the Purchaser and the Escrow Agent |
| “FDL” | Festival Developments Limited, a wholly owned subsidiary of the Company, which holds a 50% interest in the share capital of TEIL |
| “Group” | the Company and its subsidiaries |

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| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Jones Lang La Salle” | Beijing Jones Lang La Salle Property Management Services Company Limited the property manager of the Property as of the date of this announcement |
| “LDL” | Luxury Development Limited, an indirect wholly owned subsidiary of TEIL, which is incorporated in Hong Kong with limited liability, is the sole owner of 9 sets of top level non-standardized penthouse units of the Property |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Long Stop Date” | 29 January 2010 |
| “Marubeni” | Marubeni Corporation, a company incorporated in Japan, its shares are listed on the Tokyo, Nagoya and Osaka stock exchanges which holds the other 50% interest in the share capital of TEIL |
| “Mortgage” | the mortgage on the Property in the amount of approximately HK\$55,000,000 as at 30 September 2009 |
| “OBL” | Overseas Billion Limited, an indirect wholly owned subsidiary of TEIL, which is incorporated in Hong Kong with limited liability, is the sole owner of Level 3 to Level 12 (both levels inclusive) of the Property |
| “Other Sale Shares” | 1,000 shares in TEIL currently held by Marubeni, representing the other 50% shareholding interest in TEIL |
| “PRC” | the People’s Republic of China and, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan region |
| “Property” | Level 3 to Level 22 of Block 6, No. 66 Xiaguang Lane, Chaoyang District, Beijing, the PRC |
| “Purchaser” | ACE Scheme Limited, a company incorporated in the British Virgin Islands |
| “Purchaser Guarantor” | Mr. Long Riu Ming |
| “Remaining Cash Balance” | the cash balance (cash deposits at the banks) less Net Current Liabilities of TEIL and its subsidiaries as at 30 November 2009, which is estimated to be between HK\$1,000,000 and HK\$3,000,000. Net Current Liabilities is defined as when Net Current Assets is less than zero. Net Current Assets is current assets less cash and bank balances and Sinking Fund deposits; less current liabilities other than bank loans, loans due to shareholders, accrued interest expenses and asset management fees due to shareholders |

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| “RMB” | Renminbi, the lawful currency of the PRC |
| “Sale Share(s)” | 1,000 ordinary share(s) of HK\$0.10 each in the capital of TEIL |
| “Shareholders’ Agreement” | the shareholders agreement entered into, among others, by FDL, the Company and Marubeni dated 27 October 2006 |
| “Shares” | ordinary shares in the share capital of the Company |
| “Sinking Fund” | monies paid pursuant to PRC regulations to the developer of the development in which the Property forms part of for future renovations to the development |
| “Stock Exchange” | the Stock Exchange of Hong Kong Limited |
| “TEIL” | Total Express Investments Ltd., an indirect wholly owned subsidiary of the Company, which is incorporated in British Virgin Islands with limited liability |
| “Transaction” | The disposal of the Sale Shares pursuant to the terms and conditions of the Agreement |
| “Valuer” | RHL Appraisal Ltd. |
| “WTL” | Well Talent Limited, an indirect wholly owned subsidiary of TEIL, which is incorporated in Hong Kong with limited liability, is the sole owner of level 13 to level 22 (both levels inclusive) (save and except the 9 sets of top level non-standardized penthouse units) of the Property |

For the purpose of this announcement, the exchange rates of RMB1 = HK\$1.13180 have been used, where applicable, for purpose of illustration only and does not constitute a representation that any amounts has been, could have been or may be exchanged at any particular rate on the date or dates in question or any other date.

By Order of the Board
SW Kingsway Capital Holdings Limited
William Wai Leung Wu
Chief Executive Officer

Hong Kong, 1 December 2009

As at the date of this announcement, the directors of the Company are Jonathan Koon Shum Choi as Chairman, Mary Yuk Sin Lam as Deputy-Chairman & Executive Director, William Wai Leung Wu as Chief Executive Officer & Executive Director, Michael Koon Ming Choi as Executive Director, Rebecca Yuk Fung Lau and Lee G. Lam as Non-Executive Directors, Robert Tsai To Sze, Stanley Kam Chuen Ko and Michael Wai Chung Wu, as Independent Non-Executive Directors.