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ANEX INTERNATIONAL HOLDINGS LIMITED

安歷士國際控股有限公司*

(incorporated in Bermuda with limited liability)
(Stock Code: 723)

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION

PROPOSED ACQUISITION OF 95% INTEREST IN DONGGUAN ANEX PROPERTY MANAGEMENT COMPANY LIMITED CONCERNING POSSIBLE INVOLVEMENT IN CLASS 1 DEVELOPMENT OF 3,300 MU OF LAND IN BEIJING

Financial adviser to the Company



WALLBANCK BROTHERS
Securities (Hong Kong) Limited

On 12 June 2007, Anex as the purchaser and Mr. Li as the vendor entered into the Agreement pursuant to which Anex agreed to acquire 95% of the equity interest of the PRC Company from Mr. Li at a consideration of US\$1.9 million (equivalent to approximately HK\$14.82 million) which will be settled by Anex in cash within one month after the foreign investment enterprise business licence of the PRC Company is being issued and the Company will use its internal resources or Shareholders' loan to settle the Consideration. Upon completion of the Agreement, the PRC Company will become a subsidiary of the Company.

Pursuant to the terms of the Undertaking, Mr. Li has undertaken to Anex, among other things, to transfer 52% interest in Beijing Jinji to the PRC Company at a consideration of RMB 5.2 million (equivalent to approximately HK\$5.36 million), which represents 52% of the existing registered capital of Beijing Jinji. Save as the Undertaking, the Company and/or Anex and Mr. Li have not entered into any written agreement regarding the Proposed Transfer. Mr. Li and Beijing Jinji have entered into the Cooperation Agreement with the JV Partners in relation to Beijing Jinji's class 1 development rights to develop a site of land of 3,300 mu situated in Beijing City Changping District Beiqijazhen Nanqijiacum and to regulate their interests in Beijing Jinji. Beijing Jinji has also entered into the Development and Construction Agreement with the Residents Committee regarding the class 1 development of the Land.

The Company may or may not complete the Transaction, and both class 1 development and class 2 development rights to be applied by Beijing Jinji are subject to the approval from the PRC government authorities, Shareholders or potential investors should exercise caution in dealing in the Shares.

Mr. Li is the brother-in-law of Mr. Cheng Tun Nei, an executive Director and a substantial shareholder of the Company, thus a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Acquisition exceed 5% but are below 25%, the Acquisition also constitutes a discloseable transaction for the Company under the Listing Rules.

A SGM will be convened at which resolutions will be proposed to seek the Independent Shareholders' approval of the Acquisition. Mr. Cheng Tun Nei, being a substantial shareholder, together with his associates (as defined under the Listing Rules) will abstain from voting with respect to the resolutions for approving the Acquisition.

An independent board committee comprising all the independent non-executive Directors will be established to advise the Independent Shareholders in relation to the Acquisition. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in this regard.

A circular containing, among others, further details of the Acquisition and a notice convening the SGM will be dispatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules.

Trading in the Shares and Warrants was suspended at the request of the Company with effect from 9:30 a.m. on 12 June 2007 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares and Warrants from 9:30 a.m. on 15 June 2007 following the publication of this announcement.

The Company proposes to acquire, through Anex, 95% interest in the PRC Company pursuant to the terms of the Agreement and 52% interest in Beijing Jinji. The Company has yet to enter into any written agreement with Mr. Li to acquire his 52% interest in Beijing Jinji, however Mr. Li has undertaken to transfer his 52% interest in Beijing Jinji to the PRC Company within 12 months after the date of the Undertaking.

Upon completion of the Transaction, the PRC Company and Beijing Jinji will become subsidiaries of the Company.

THE AGREEMENT

Date

12 June 2007

Parties

Vendor : Mr. Li, being the sole shareholder holding 100% interest in the PRC Company prior to completion of the Agreement

Purchaser : Anex, a wholly-owned subsidiary of the Company

Subject matter of the Acquisition

The Sale Interest, representing 95% of the equity interest of the PRC Company. Mr. Li has undertaken to Anex that:

- the registered capital of the PRC Company will be increased from RMB500,000 (equivalent to approximately HK\$15,000) to US\$2 million (equivalent to approximately HK\$15.6 million) (the "New Registered Capital") within 30 days after the date of the Agreement; and
- the net asset value of the PRC Company will not be less than US\$2 million (equivalent to approximately HK\$15.6 million) prior to completion of the Acquisition.

Consideration

The Consideration for the Sale Interest is US\$1.9 million (equivalent to approximately HK\$14.82 million), representing 95% of the New Registered Capital of the PRC Company, which will be satisfied by Anex in cash within one month after the foreign investment enterprise business licence of the PRC Company is being issued and the Company will use its internal resources or Shareholders' loan to settle the Consideration.

Completion

Completion of the Agreement is expected to take place within one month from the date the PRC Company obtains the foreign investment enterprise business licence and there is no long stop date of the Agreement.

Upon completion of the Agreement, the PRC Company will become a subsidiary of the Company.

Conditions Precedent

The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

The Completion is subject to the fulfillment of the following conditions:

- Anex is satisfied with the due diligence results of the PRC Company;
- the Board having approved the transactions contemplated under the Agreement and the passing of an ordinary resolution by the Independent Shareholders at the SGM to approve the Agreement and the transactions contemplated thereunder; and
- all necessary consents and approvals (if any) being obtained or granted by third parties (including government and other regulatory authorities) and no statute, regulation or decision which would prohibit, restrict or materially delay the transactions contemplated under the Agreement having been proposed, enacted or taken by any government or other regulatory authorities.

As at the date hereof, the Board has approved the Agreement and the transactions contemplated thereunder.

UNDERTAKING FROM MR. LI

On 12 June 2007, Mr. Li provided an unconditional and irrevocable undertaking, being part of the Transaction, to Anex including the following:

- to transfer the 52% interest in Beijing Jinji to the PRC Company at a consideration of RMB 5.2 million (equivalent to approximately HK\$5.36 million), representing 52% of the registered capital of Beijing Jinji;
- Mr. Li and Beijing Jinji have entered into the Cooperation Agreement with the JV Partners in relation to the class 1 development right of the Land;
- Beijing Jinji has signed the Development and Construction Agreement and it will obtain the class 1 development right of the Land; and

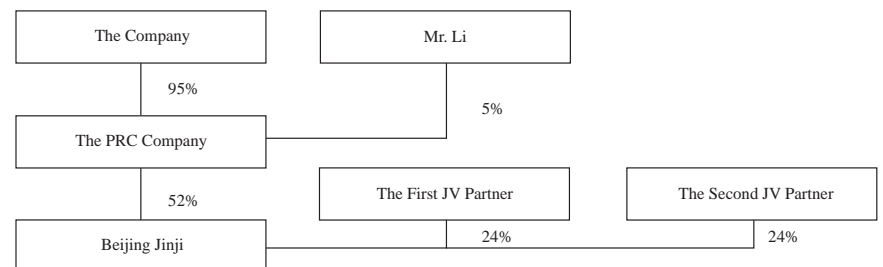
* for identification purpose only

- in the event that the Proposed Transfer fails to complete within the 12-month period from the date of the Undertaking, Mr. Li will reimburse Anex for the Consideration together with 10% of the Consideration as compensation.

Upon completion of the Proposed Transfer, Beijing Jinji will be owned as to 52% by the PRC Company, as to 24% by the First JV Partner and as to 24% by the Second JV Partner.

Save as the Undertaking, the Company and/or Anex and Mr. Li have not entered into any written agreement regarding the Proposed Transfer.

Upon Completion of the Transaction, Beijing Jinji will become an indirect subsidiary of the Company and the Company's interest in the PRC Company and Beijing Jinji will be as follows:



THE COOPERATION AGREEMENT

Date: 31 May 2007 and 11 June 2007

Parties:

- Beijing Jinji;
- Mr. Li; and
- the JV Partners.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the First JV Partner and its ultimate beneficial owner and the Second JV Partner are third parties independent of the Company and its connected persons (as defined in the Listing Rules) and had no prior relationship or transactions with the Company prior to the Agreement.

Principal terms:

Purpose

Pursuant to the terms and conditions of the Cooperation Agreement, Mr. Li and the JV Partners have agreed to cooperate and, through Beijing Jinji, to obtain the class 1 and class 2 development rights in relation to the Land. The purpose of the Cooperation Agreement is to set out the rights and obligations of the parties thereto in relation to the Project.

Registered capital and capital contribution

The registered capital of Beijing Jinji will be increased to RMB50 million (equivalent to approximately HK\$51.5 million), all of which will be financed by Mr. Li pursuant to the Cooperation Agreement.

Board composition of the joint venture

The board of directors of Beijing Jinji shall comprise five directors, Mr. Li shall have the right to nominate three directors (including the chairman) and each of the JV Partners shall have the right to nominate one director.

Profit sharing

It is agreed that any profit derived from Beijing Jinji will be ultimately shared between Mr. Li and the JV Partners in the following manner:-

- if the profit generated from the Project by Beijing Jinji equals to or is below RMB50 million (equivalent to approximately HK\$51.5 million), Mr. Li will be entitled to the entire profit generated by Beijing Jinji; and
- if the profit generated from the Project by Beijing Jinji exceeds RMB50 million (equivalent to approximately HK\$51.5 million), the profit derived from the Project will be pro-rated on a 52:24:24 basis among Mr. Li and the JV Partners.

Rights and obligations of Mr. Li and the JV Partners

A sum of RMB70 million (equivalent to approximately HK\$72.1 million) is payable by Mr. Li to the Residents Committee as the compensation for the relevant land compensation contract as agreed between Beijing Jinji and the Residents Committee upon the satisfactory completion of due diligence of the Project. Mr. Li has confirmed to the Company that the aforesaid sum of RMB70 million (equivalent to approximately HK\$72.1 million) forms part of the Compensation as set out in the Development and Construction Agreement. Mr. Li's obligation to pay the above compensation is expected to be assumed by the PRC Company upon completion of the Acquisition and the Proposed Transfer. The First JV Partner will procure Beijing Jinji to enter the land compensation contract with the land owners of the Land and the First JV Partner undertakes that compensation to be paid by Beijing Jinji to the land owners under the Project will not exceed RMB350,000 (equivalent to approximately HK\$360,500) per mu. The Second JV Partner undertakes to procure Beijing Jinji to obtain the NDRC's approval for class 1 development rights before 31 March 2008 and class 2 development rights within three months after completion of class 1 development of the Project.

Upon completion of the JV Partners' obligations set out above, Mr. Li will have an option under the Cooperation Agreement to acquire the JV Partners' interests in Beijing Jinji, the valuation of which will be based on a consideration of RMB1 million (equivalent to approximately HK\$1.03 million) per mu.

Upon completion of the Acquisition and the Proposed Transfer, the rights and obligations of Mr. Li under the Cooperation Agreement will be assumed by the PRC Company.

INFORMATION OF THE PRC COMPANY

The PRC Company is a property management company established in the PRC on 25 May 2007 and wholly owned by Mr. Li. Immediately prior to signing of the Agreement, the PRC Company had a registered capital of RMB500,000 (equivalent to approximately HK\$515,000). As the PRC Company is a newly established company in the PRC, no tax, turnover, assets (other than the bank balance of RMB500,000) or liabilities has been recorded in its accounts as at 31 May 2007.

INFORMATION OF BEIJING JINJI

Beijing Jinji is a company established in the PRC on 24 June 2004 and wholly owned by Mr. Li. Beijing Jinji had a registered capital of RMB10 million (equivalent to approximately HK\$10.3 million) and accumulated losses of RMB408,608 (equivalent to approximately HK\$420,866) up to 30 April 2007. Beijing Jinji is principally engaged in the business of property development in the PRC. Details of the profit/loss of Beijing Jinji for the last two financial years ended 31 December 2006 and its latest net assets value will be disclosed in the circular to be dispatched by the Company in connection with the Transaction.

On 11 June 2007, Beijing Jinji and the Residents Committee entered into the Development and Construction Agreement, pursuant to which, Beijing Jinji has agreed to compensate the residents living on the Land at the ceiling of RMB350,000 (equivalent to approximately HK\$360,500) per mu in respect of 3,300 mu of land situated in Beijing City Changping District Beiqijiazhen Nanqijiacun, including statutory reallocation compensation as required by the relevant PRC authorities, payable by Beijing Jinji, the aggregate amount of the compensation (the "Compensation") payable by Beijing Jinji under the Development and Construction Agreement is expected to be RMB1,155 million (equivalent to approximately HK\$1,190 million), which will be paid by Beijing Jinji according to the following timetable:

- 50% of the Compensation to be paid within one year after approval has been obtained;
- 20% of the Compensation to be paid before 31 December 2009;
- 20% of the Compensation to be paid before 31 December 2010; and
- the remaining of the Compensation to be paid before 31 December 2011.

Further, Beijing Jinji has also agreed to pay the Residents Committee the following deposits:

- a deposit of RMB 10 million (equivalent to approximately HK\$10.3 million) (the "First Deposit") once Beijing Jinji is satisfied with the due diligence results of the Project; and
- a further deposit of RMB 10 million (equivalent to approximately HK\$10.3 million) (the "Second Deposit", together with the First Deposit are known as the "Deposits") within 10 working days after the Development and Construction Agreement is approved by the People's Government of Beijing City Changping District Beiqijiazhen;

The Deposits payable by Beijing Jinji can be set off against the Compensation. As advised by the PRC lawyer to the Company, the Compensation will be fully reimbursed by the Beijing Land and Resources Administration Department.

As advised by the PRC lawyer of the Company, the signing of the Development and Construction Agreement is a pre-requisite for Beijing Jinji to obtain the class 1 development rights after the approval from the NDRC and other relevant government authorities having been obtained. The Directors are of the view that the Development and Construction Agreement is a construction contract which is revenue in nature.

Upon completion of the Project, the Company will be able to obtain class 1 and class 2 development rights of the Land. However, the Directors are aware that even if Beijing Jinji is able to obtain class 1 development rights of the Land, it may not obtain class 2 development rights of the entire Land as class 2 development rights of the Land is tendered through auction and Beijing Jinji may not be able to obtain the class 2 development rights of the entire Land through auction. The Directors are of the view that the Project is able to allow the Group to further its interest in the property development business in the PRC.

INFORMATION OF THE FIRST JV PARTNER AND THE SECOND JV PARTNER

The First JV Partner is a company established in the PRC. As far as the Directors are aware, the First JV Partner is an independent third party and is principally engaged in the business of liquefied gas.

The Second JV Partner is an independent third party.

INFORMATION OF THE COMPANY

The principal business activity of the Company is an investment holding. The principal activities of the Group comprise of the design and manufacture of electrical appliances, trading of merchandise, building material supply and installation, and property development business.

REASONS FOR THE ACQUISITION

Anex entered into the Agreement for the purpose of furthering its interest in the property development in the PRC. Upon completion of the Agreement, it is expected that Anex will, through the PRC Company, acquire 52% interest in Beijing Jinji from Mr. Li. The Directors are of the view that it is in the interest of the Company and its Shareholders as a whole to acquire Mr. Li's 95% interest in the PRC Company and 52% interest in Beijing Jinji so as to further the Company's interest in the property development market in the PRC.

As advised by the PRC lawyer to the Company, class 1 development includes but not limited to the process of removal and compensating the residents living on the relevant land, land development and construction of infrastructure, and auction of the developed land. In view of the size of the Project, the Project will be carried out in appropriate phases. After completion of class 1 development, the developed land will be available for auction to be arranged by Beijing Land Reserve Centre. The Directors are of the view that Beijing Jinji, being the class 1 developer of the Land, will have a competitive advantage against other property developers in the auction of the Land for class 2 development. As advised by the PRC lawyer to the Company, class 2 development includes but not limited to the process of land acquisition, design and construction of properties, and marketing and sales of completed properties. As a result, the Directors are of the view that Beijing Jinji will be benefited from the class 1 development as well as class 2 development over the Land.

The Company may or may not complete the Transaction, and both class 1 development and class 2 development are subject to the approval from the PRC government authorities, Shareholders or potential investors should exercise caution in dealing in the Shares.

Based on the above reasons, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company has the present intention to continue its existing business and further its business in the property development in the PRC and is looking for and will continue to look for suitable investment and shall issue further announcements according to the Listing Rules as circumstances require.

IMPLICATIONS OF THE LISTING RULES

In the event that the PRC Company and Mr. Li enter into a formal agreement in relation to the acquisition of Mr. Li's 52% interest in Beijing Jinji, the Company will comply with the applicable disclosure requirements under the Listing Rules.

GENERAL

Mr. Li is the brother-in-law of Mr. Cheng Tun Nei, an executive Director and a substantial shareholder of the Company, thus a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Acquisition exceed 5% but are below 25%, the Acquisition also constitutes a discloseable transaction for the Company under the Listing Rules.

A SGM will be convened at which resolutions will be proposed to seek the Independent Shareholders' approval of the Acquisition. Mr. Cheng Tun Nei, being a substantial shareholder, together with his associates (as defined under the Listing Rules) will abstain from voting with respect to the resolutions for approving the Acquisition.

An independent board committee comprising all the independent non-executive Directors will be established to advise the Independent Shareholders in relation to the Acquisition. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in this regard.

A circular containing, among others, further details of the Acquisition and a notice convening the SGM will be dispatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules.

RESUMPTION OF TRADING

Trading in the Shares and Warrants was suspended at the request of the Company with effect from 9:30 a.m. on 12 June 2007 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares and Warrants from 9:30 a.m. on 15 June 2007 following the publication of this announcement.

DEFINITIONS

"Acquisition"	the acquisition of 95% equity interest in the PRC Company by Anex
"Agreement"	the sale and purchase agreement dated 12 June 2007 entered into between Anex and Mr. Li for the acquisition of the PRC Company
"Anex"	Anex Properties Holdings Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
"associate"	has the meaning ascribed thereto under the Listing Rules
"Beijing Jinji"	北京金濟房地產開發有限公司 (Beijing Jinji Property Development Company Limited), a joint venture company established in the PRC and wholly owned by Mr. Li
"Board"	the board of Directors
"Company"	Anex International Holdings Limited (stock code: 723), a company incorporated in Bermuda, the issued Shares are listed on the Stock Exchange
"Consideration"	US\$1.9 million, being the consideration for the Acquisition
"Cooperation Agreement"	the cooperation agreement dated 31 May 2007 entered into between Beijing Jinji and the JV Partners which is supplemented and amended by a supplemental agreement dated 11 June 2007 entered into among Mr. Li, Beijing Jinji and the JV Partners, under which Mr. Li has substituted Beijing Jinji as a party to the cooperation agreement dated 31 May 2007
"Development and Construction Agreement"	the town development and construction agreement dated 11 June 2007 entered into between Beijing Jinji and the Residents Committee in relation to the Project
"Directors"	directors of the Company
"First JV Partner"	北京昌海液化氣有限公司 (Beijing Changhai Gasol Co., Ltd.), a company established in the PRC and an independent third party which proposes to acquire 24% interest in Beijing Jinji from Mr. Li
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Independent Shareholders"	Shareholders except Mr. Cheng Tun Nei and his associates (as defined under the Listing Rules)
"JV Partners"	the First JV Partner and the Second JV Partner
"Land"	3,300 mu of land situated in Beijing City Changping District Beiqijiazhen Nanqijiacun
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Li"	Mr. Li Jianchuan, being the registered owner of the entire interest in the PRC Company and Beijing Jinji
"NDRC"	National Development and Reform Commission
"PRC"	the People's Republic of China which for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region and Taiwan
"PRC Company"	東莞市安歷士物業管理有限公司 (Dongguan Anex Property Management Company Limited), a company established in the PRC and wholly owned by Mr. Li
"Project"	the class 1 development and class 2 property development project in relation to 3,300 mu of land situated in Beijing City Changping District Beiqijiazhen Nanqijiacun
"Proposed Transfer"	the proposed transfer of 52% interest in Beijing Jinji by Mr. Li to the PRC Company and 48% interest in Beijing Jinji by Mr. Li to the JV Partners in equal proportion
"Residents Committee"	Beijing City Changping District Beiqijiazhen Nanqijiacun Residents Committee
"RMB"	Renminbi, the lawful currency of the PRC
"SGM"	the special general meeting of the Company to be convened and held for the Independent Shareholders to consider and approve, if thought fit, among other things, the Acquisition
"Sale Interest"	95% equity interest in the PRC Company
"Second JV Partner"	Mr. Liang Jun, an independent third party who proposes to acquire 24% interest in Beijing Jinji from Mr. Li
"Shareholder(s)"	holders of the Shares
"Shares"	ordinary shares of HK\$0.10 each in the capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Transaction"	the Acquisition and the Proposed Transfer
"Undertaking"	an undertaking dated 12 June 2007 given by Mr. Li in favour of Anex
"%"	per cent.
"US\$"	the United States Dollar, the lawful currency of the United States of America
"Warrants"	warrant(s) issued by the Company on 5 July 2006 (stock code: 473)

For the purpose of this announcement, all amounts denominated in RMB and US\$ have been translated (for information only) into HK\$ using the exchange rates of RMB1:00:HK\$1.03 and US\$1:00:HK\$7.80. Such translation shall not be construed as a representation that amounts of RMB and US\$ were or may have been converted.

By order of the Board
Anex International Holdings Limited
Cheng Tun Nei
Chairman

Hong Kong, 14 June 2007

As at the date of this announcement, the Directors of the Company are as follows:

<i>Executive Directors:</i>	<i>Independent non-executive Directors:</i>
Mr. Cheng Tun Nei (Chairman)	Mr. Chan Sun Kwong
Mr. Kwok Hon Lam (Vice-Chairman)	Mr. Chow Nim Sun, Nelson
Dr. Siu Miu Man (Chief Executive Officer)	Mr. Lam Kwok Cheong
Mr. Kwok Chi Hang, Peter	
Mr. Cheng Tze Kit, Larry	

Non-executive Director:

Mr. Yeung Chee Tat

** for identification purpose only*