

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHEUNG WO INTERNATIONAL HOLDINGS LIMITED

長和國際實業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00009)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF A POSSIBLE ACQUISITION

The Board is pleased to announce that on 15 December 2015, the Company entered into a non-legally binding Memorandum with the Vendor in relation to the Possible Acquisition where the Company intends to invest or acquire and the Vendor intends to sell not less than 40% equity interest in the Target Companies.

The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into by the Vendor and the Company as at the date of this announcement. As such, the Possible Acquisition may or may not proceed.

In the event the Possible Acquisition materialises, it may constitute a notifiable transaction and connected transaction on the part of the Company under Chapters 14 and 14A of the Listing Rules.

Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement(s) in respect of the Possible Acquisition will be made by the Company in compliance with the Listing Rules as and when appropriate.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that on 15 December 2015, the Company entered into a non-legally binding Memorandum with the Vendor in relation to the Possible Acquisition.

* *For identification purpose only*

THE MEMORANDUM

Date: 15 December 2015

Parties: (1) the Company as the purchaser; and
(2) Mr. Cheng Keung Fai as the Vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Mr. Cheng Keung Fai is a substantial Shareholder holding approximately 55.77% of the total issued share capital of the Company as at the date of this announcement.

Subject matter

Pursuant to the Memorandum, the Company intends to invest or acquire and the Vendor intends to sell not less than 40% equity interest in the Target Companies.

Consideration

The consideration of the Possible Acquisition will be determined after arm's length negotiations between the Company and the Vendor.

Formal SP Agreement

As soon as practicable after signing the Memorandum, the Company and the Vendor will negotiate in good faith the structure of the Possible Acquisition and detailed terms of a definitive Formal SP Agreement as soon as practicable. The Company shall be entitled to nominate its wholly-owned subsidiary to enter into the Formal SP Agreement as the purchaser.

It is intended that the parties to enter into the Formal SP Agreement on or before 30 March 2016. The Formal SP Agreement will include, among others, the consideration and conditions precedent to the completion of the Formal SP Agreement.

Due diligence

The Vendor shall procure that as soon as practicable after the signing of the Memorandum, the Company and its advisers and consultants will be given reasonable access to the books, records, properties and assets of the Target Group, for the purpose of conducting due diligence.

Conditions precedents of the Formal SP Agreement

Completion of the Formal SP Agreement is subject to, among others, the completion of the due diligence review over the Target Group and the approval for the Formal SP Agreement and the transaction contemplated thereunder from the Independent Shareholders.

INFORMATION OF THE VENDOR AND THE TARGET COMPANIES

The Vendor is a substantial Shareholder holding approximately 55.77% of the total issued share capital of the Company as at the date of this announcement.

The Target Companies engage in asset investment, tourism development, property development and management and hotel management; among the above, the Target Companies focus on the management and operation of resorts and hotels; and are currently operating two five-star resorts and hotels in the PRC, which aggregate value is estimated to be approximately RMB4 billion. The Target Companies are equipping themselves in order to benefit from the PRC government's policy of increasing the investment in air transport infrastructure and to increase their competitiveness in the tourism real estate market.

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

The Group is principally engaged in the film production and related business, film processing, rental of property and property development.

As mentioned in the annual report of the Company for the year ended 31 December 2014, the Group will continue to strive for business growth and seize opportunities in order to bring the largest returns for the Shareholders. The Board believes that the Possible Acquisition presents an excellent opportunity for the Group to further expand and diversify its business portfolio.

Since the tourism real estate market in the PRC has entered into the price adjustment cycle and has reached the low-price phase, the Company aims to acquire suitable properties at an economical cost which can strengthen its competitiveness in the tourism real estate market through the Possible Acquisition.

GENERAL

Save for clauses regarding, among other things, confidentiality and costs and expenses of the Memorandum, the Memorandum does not constitute any legally-binding commitment to the Company in respect of the Possible Acquisition. The Possible Acquisition is subject to, among others, the execution and completion of the Formal SP Agreement. The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into by the Vendor and the Company as at the date of this announcement. As such, the Possible Acquisition may or may not proceed.

In the event the Possible Acquisition materialises, it may constitute a notifiable transaction and connected transaction on the part of the Company pursuant to Chapters 14 and 14A of the Listing Rules.

Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement(s) in respect of the Possible Acquisition will be made by the Company in compliance with the Listing Rules as and when appropriate.

DEFINITIONS

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

“Board”	the board of Directors;
“Company”	Cheung Wo International Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 00009);
“Directors”	the director(s) of the Company;
“Formal SP Agreement”	the formal sale and purchase agreement which may or may not be entered into between the Vendor and the Company in relation to the Possible Acquisition;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Shareholders”	Shareholders other than those who have material interest in the Possible Acquisition;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Memorandum”	the non-legally binding memorandum of understanding dated 15 December 2015 and entered into between the Vendor and the Company setting out the preliminary understanding in relation to the Possible Acquisition;
“Possible Acquisition”	a one-off or a series of possible acquisition(s) by the Company from the Vendor of not less than 40% equity interest in the Target Companies as contemplated under the Memorandum;
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;

“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Companies”	companies (either directly or indirectly) owned by the Vendor and are engaging in the operation of two five-star resorts and hotels in the PRC;
“Target Group”	the Target Companies and their subsidiaries; and
“Vendor”	Mr. Cheng Keung Fai.

By order of the Board
Cheung Wo International Holdings Limited
HUI WAI LEE, WILLY
Chairman

Hong Kong, 15 December 2015

As at the date of this announcement, the Board comprises eight Directors, of which the executive Directors of the Company are Mr. Hui Wai Lee, Willy (Chairman), Ms. Law Kee, Alice (Chief Executive Officer), Mr. Tai Yat Chung, Mr. Li Wenjun and Mr. Zhong Yingchang; and the independent non-executive Directors are Mr. Tsui Pui Hung, Mr. Tang Ping Sum and Mr. Chiu Sin Nang, Kenny.