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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)

(1) COMPLETION OF THE PLACING OF NEW SHARES WITH UNLISTED WARRANTS ATTACHED UNDER GENERAL MANDATE (2) ADJUSTMENT TO CONVERSION PRICE OF THE CONVERTIBLE BONDS

Placing Agent



The Board is pleased to announce that all conditions of the Placing have been fulfilled and the Placing was completed on 5 March 2014 in accordance with the terms of the Placing Agreement. A total of 214,200,000 Placing Shares at the Placing Price of HK\$0.56 per Placing Share were placed to not less than six Placees and an aggregate of 7,933,329 Warrants were issued to such placees in proportion to the number of Placing Shares they subscribed.

As at the date of this announcement, the Company has outstanding Convertible Bonds in an aggregate principal amount of HK\$70,640,110. As a result of the Placing, the Conversion Price of the Convertible Bonds will be adjusted from HK\$0.43 per Share to HK\$0.41 per Share in accordance with the terms and conditions of the Convertible Bonds. The adjustment to the Conversion Price shall become effective on 5 March 2014, being the date of issue of the Placing Shares and the Warrants.

* *For identification purpose only*

Reference is made to the announcement of the Company dated 24 February 2014 (the “**Announcement**”) in relation to the Placing. Unless the context requires otherwise, terms used herein have the same meanings as those defined in the Announcement.

COMPLETION OF THE PLACING

The Board is pleased to announce that all conditions of the Placing have been fulfilled and the Placing was completed on 5 March 2014 in accordance with the terms of the Placing Agreement. A total of 214,200,000 Placing Shares at the Placing Price of HK\$0.56 per Placing Share were placed to not less than six Placees and an aggregate of 7,933,329 Warrants were issued to such placees in proportion to the number of Placing Shares they subscribed.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquires, the Placees are third parties independent of and are not connected with the Company and its connected persons.

The gross proceeds and net proceeds (after deducting the placing commission payable to the Placing Agent and other expenses incurred in the Placing but excluding any exercise of the subscription rights attached to the Warrants) from the Placing are approximately HK\$120.0 million and HK\$117.7 million respectively. As disclosed in the Announcement, the net proceeds is intended to be used to finance a possible acquisition of a company which shall have a right, subject to certain conditions, to use an internationally recognised brand in property related projects if such possible acquisition is materialized. If there are any remaining proceeds, the Company will apply the same as general working capital of the Group.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) immediately before the completion of the Placing; (ii) immediately after the completion of the Placing; and (iii) immediately after the Placing and assuming the full exercise of the subscription rights attaching to the Warrants, assuming also that there are no other changes to the issued share capital of the Company, are as follows:

	Immediately before the completion of the Placing		Immediately after the completion of the Placing		Immediately after the completion of the Placing and assuming the full exercise of the subscription rights attaching to the Warrants	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Full Dragon Group Limited (<i>Note 1</i>)	766,016,300	68.91	766,016,300	57.78	766,016,300	57.43
Public						
– Placees	–	–	214,200,000	16.16	222,133,329	16.65
– Other public Shareholders	<u>345,587,516</u>	<u>31.09</u>	<u>345,587,516</u>	<u>26.07</u>	<u>345,587,516</u>	<u>25.91</u>
Total	<u>1,111,603,816</u>	<u>100.00</u>	<u>1,325,803,816</u>	<u>100.00</u>	<u>1,333,737,145</u>	<u>100.00</u>

Note:

1. The entire issued share capital of Full Dragon Group Limited is owned by Mr. Cheng Keung Fai.
2. Certain percentage figures included in this table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

ADJUSTMENT TO CONVERSION PRICE OF THE CONVERTIBLE BONDS

References are made to the announcements date 8 April 2013 and 16 April 2013, and the circular dated 19 April 2013 of the Company in relation to, among other things, the issue of the Convertible Notes (the “**CB Announcements and Circular**”).

As disclosed in the CB Announcements and Circular, the Conversion Price will be subject to adjustment for subdivision or consolidation of Shares, issue of any Shares credited as fully paid by way of capitalization of profits or reserves (other than Shares issued in lieu of the whole or any part of a cash dividend), capital distribution to holders of Shares provided that the Conversion Price shall not be less than the par value of a Share, rights issues and issues of securities at a price less than 90% of the then market price per Share.

As a result of the Placing, the Conversion Price of the Convertible Bonds will be adjusted from HK\$0.43 per Share to HK\$0.41 per Share in accordance with the terms and conditions of the Convertible Bonds. The adjustment to the Conversion Price shall become effective on 5 March 2014, being the date of issue of the Placing Shares and the Warrants. The adjustment was certified by a merchant bank appointed by the Company.

Save for the adjustment to the Conversion Price as set out in this announcement, the terms and conditions of the Convertible Bonds remain unchanged. As at the date of this announcement, the Company has outstanding Convertible Bonds in an aggregate principal amount of HK\$70,640,110. The maximum number of Shares that will be issued upon conversion of all the outstanding Convertible Bonds at the adjusted Conversion Price of HK\$0.41 is 172,292,951 Shares.

Pursuant to Rule 15.02(1) of the Listing Rules, the Warrant Shares to be issued upon exercise of the Warrants must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued. Options granted under employee or executive share schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit.

Assuming full exercise of the subscription rights attaching to the Warrants and the full conversion of the outstanding Convertible Bonds at the adjusted Conversion Price of HK\$0.41, 180,226,280 new Shares (representing approximately 13.59% of the issued share capital of the Company of 1,325,803,816 Shares immediately after the completion of the Placing and as at the date of this announcement) will be issued. Accordingly, the issue of the Warrants is in compliance with Rule 15.02(1) of the Listing Rules.

By order of the Board
Cheung Wo International Holdings Limited
Jin Lei
Chairman

Hong Kong, 5 March 2014

As at the date of this announcement, the Board comprises six Directors, of which the executive Directors are Mr. Jin Lei (Chairman), Ms. Law Kee, Alice (Chief Executive Officer), Mr. Hui Wai Lee, Willy; and the independent non-executive directors are Mr. Tsui Pui Hung, Mr. Tang Ping Sum and Mr. Chu To, Jonathan.