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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)

CONNECTED TRANSACTION ISSUE OF UP TO USD80 MILLION 20% GUARANTEED SECURED NOTES AMENDED AND RESTATED SUBSCRIPTION AGREEMENT

Financial adviser to the Company



References are made to the Announcements and Circular in respect of the issue of the Notes and the Supplemental Agreement. On 15 March 2014, the Company entered into the Amended and Restated Subscription Agreement with the Guarantor and the Subscriber, pursuant to which, the parties thereto agreed to amend and restate the Subscription Agreement to reflect changes to certain terms of the Subscription Agreement and the Conditions of the Notes as set out therein. The Amended and Restated Subscription Agreement replaces and supersedes the original Subscription Agreement and all amendments thereto prior to the date of the Amended and Restated Subscription Agreement.

The Amended and Restated Subscription Agreement reflects changes which include dividing the Notes into three tranches instead of two, removing the requirement of entry into an onshore loan by the Company as one of the conditions precedent to the Subscription Agreement, relaxing restriction on certain undertakings of the Company as set out below, reducing the required period and amount of cash balance to be maintained in the Interest Reserve Account by the Company and reducing the IRR Amount payable on the early redemption of the Notes.

* For identification purpose only

References are made to the announcement of the Company dated 18 September 2013 and the circular of the Company dated 25 October 2013 (the “Circular”) in respect of the issue of the Notes, and the announcement of the Company dated 20 February 2014 in respect of the Supplemental Agreement (collectively, the “Announcements and Circular”).

THE AMENDED AND RESTATED SUBSCRIPTION AGREEMENT

On 15 March 2014, the Company entered into the Amended and Restated Subscription Agreement with the Guarantor and the Subscriber, pursuant to which, the parties thereto agreed to amend and restate the Subscription Agreement to reflect changes to certain terms of the Subscription Agreement and the Conditions of the Notes as set out therein. The Amended and Restated Subscription Agreement replaces and supersedes the original Subscription Agreement and all amendments thereto prior to the date of the Amended and Restated Subscription Agreement. The following summarizes the major amendments:

Dividing the Notes into three tranches

Under the Subscription Agreement, the Notes would be issued in two tranches, with the First Tranche Notes in a principal amount of USD40,000,000 and the Second Tranche Notes of up to a maximum principal amount of USD40,000,000.

Pursuant to the Amended and Restated Subscription Agreement, the Notes will be issued in three tranches, with the revised First Tranche Notes up to a maximum principal amount of USD20,000,000 (equivalent to approximately HK\$155,000,000), the revised Second Tranche Notes up to a maximum principal amount of USD40,000,000 (equivalent to approximately HK\$310,000,000) and the Third Tranche Notes up to a maximum principal amount of US\$80,000,000 less the First Tranche Notes and Second Tranche Notes issued. The decision to subscribe for any principal amount of the First Tranche Notes, the Second Tranche Notes or the Third Tranche Notes shall be at the Subscriber’s sole discretion. The Second Tranche Closing Date has been changed to 23 July 2014 or such other date as the parties may agree in writing. The Third Tranche Closing Date shall be such date as the parties may agree in writing being no later than six months from the Second Tranche Closing Date.

The conditions precedent for the issue of the First Tranche Notes are substantially the same as those disclosed in the Circular, save and except for removing of the requirement of entry into an onshore loan. The conditions precedent for the issue of the Second Tranche Notes are the same as disclosed in the Circular. The subscription and payment for the Third Tranche Notes is conditional upon, among other things, the satisfaction or waiver of the following by the Subscriber on or before the Third Tranche Closing Date and such requirements are substantially the same as the conditions precedent for the issue of the Second Tranche Notes:

- (i) the delivery of the Subscriber’s written confirmation that the completion of the issue of the Third Tranche Notes should take place and the date of Third Tranche Closing Date;
- (ii) the Subscriber and its affiliates having obtained all necessary internal and external approvals;

- (iii) the representations and warranties of the Company and the Guarantor in the Amended and Restated Subscription Agreement being true, accurate and correct (in accordance with their respective terms in the Amended and Restated Subscription Agreement);
- (iv) the Company and the Guarantor having performed all of their respective obligations under the Amended and Restated Subscription Agreement;
- (v) the delivery of a certificate confirming no material adverse change of the Group in relation to the Notes Issue, by the Guarantor and a duly authorised officer of the Company and a certificate of no default by a duly authorised officer of the Company;
- (vi) the granting of the listing of, and permission to deal in, the Shares which may be issued pursuant to Conditions; and
- (vii) the delivery of copies of all consents or approvals required in relation to the issue of Third Tranche Notes.

Removing the Requirement of Entry into an Onshore Loan

Under the Subscription Agreement, one of the conditions precedent to the subscription of the First Tranche Notes was the opening of relevant bank accounts and entry into an onshore loan on terms reasonably satisfactory to the Subscriber.

Pursuant to the Amended and Restated Subscription Agreement, such condition precedent to the subscription of the First Tranche Notes is now the opening of the Interest Reserve Account only. Hence, the entry into an onshore loan by the Company is no longer required.

Relaxing the Undertakings by the Company as to Certain Restrictions

(i) Use of proceeds from the issue of the Notes

Under the Conditions as set out in the Subscription Agreement and assuming the aggregate principal amount of the Notes is USD80,000,000, the Company had undertaken to apply at least USD48,000,000 (60% of the total amount) to its residential development projects in Xiangtan, Hunan Province, the PRC while the remaining proceeds, that is a maximum of USD32,000,000 (40% of the total amount), shall be used as general working capital or for the acquisitions of real estate assets.

Pursuant to the Amended and Restated Subscription Agreement, this undertaking has been amended such that the Company now undertakes to apply the proceeds from the issue of the Notes as to 60% to real estate related projects and as to 40% to as general working capital of the Group.

Assuming USD80,000,000 (equivalent to approximately HK\$620,000,000) of the principal amount of the Notes is issued, the net proceeds shall be approximately USD78,890,000 (equivalent to approximately HK\$611,397,500).

(ii) *Disposals by the Company*

Pursuant to the Amended and Restated Subscription Agreement, the undertaking restricting the disposal of assets by the Group has been amended such that in addition to the exceptions set out in the Circular, the restriction does not apply to disposals (i) if the cash consideration received in respect of the asset disposed of is higher than the value attributed to such asset (or in the case of the disposal of shares in any company which owns such assets, to the assets owned by such company) in the most recent valuation report of independent valuers available to the Company (if any), or if no such valuation has been carried out within the last 12 months, the higher of (a) the book value of the relevant asset and (b) the market value of the asset in question; and (ii) made in, and carrying out, or the entry into any joint venture.

(iii) *Transactions with affiliates*

Pursuant to the Amended and Restated Subscription Agreement, the undertaking restricting the Company to enter into transaction with the Guarantor or connected person of the Company has been amended such that the Company now undertakes not to enter into any arrangement or transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with the Guarantor, any directors of the Company or any connected person of the Company or any entity controlled by such persons unless the Company will comply or has complied with the relevant requirements under the Listing Rules, in particular Chapter 14A of the Listing Rules.

(iv) *Others*

Pursuant to the Amended and Restated Subscription Agreement, certain undertakings by the Company in respect of, among others, merger or corporate reconstruction exercises, acquisitions, investments in joint ventures, issuing and dealing with securities of the Company, declaration of dividends and distribution of capital have been removed.

Reducing the Required Period and the Amount of Cash Balance to be maintained in the Interest Reserve Account

Under the Conditions as set out in the Subscription Agreement, the Company shall maintain a cash balance standing to the credit of the Interest Reserve Account an amount equal to 15% per annum on the outstanding aggregate principal amount of the Notes for a period of six months.

Pursuant to the Amended and Restated Subscription Agreement, the Company shall now maintain a cash balance standing to the credit of the Interest Reserve Account an amount equal to 15% per annum of US\$40,000,000 (equivalent to approximately HK\$310,000,000) of the principal amount of the Notes or the outstanding aggregate principal amount of the Notes for a period of three months.

Reducing the IRR Amount on early redemption of the Notes

Pursuant to the Amended and Restated Subscription Agreement, IRR Amount shall now equal to (a) for any redemption of Notes from the Third Tranche Closing Date (or if the Third Tranche Notes are not issued, the Second Tranche Closing Date or if the Second Tranche Notes are not issued, the First Tranche Closing Date) to the date that is 18 months after the Second Tranche Closing Date (or if the Second Tranche Notes are not issued, the First Tranche Closing Date), 22.5% per annum on the principal amount of the Notes outstanding on the date of redemption for the period from and including the First Tranche Closing Date to the date which falls on the last day of such 18-month period; or (b) for any redemption of Notes on a date on or after the expiry of the 18-month period and before the expiry of the Two-Year Period, 20.0% per annum (instead of 22.5% per annum as disclosed in the Circular) on the principal amount of the Notes outstanding on the date of redemption for the period from and including the First Tranche Closing Date to the date which falls on the last day of the Two-Year Period.

Other Amendments

As previously disclosed, the First Tranche Closing Date in the Subscription Agreement was extended to a date no later than six months after the date of the SGM.

As disclosed above, the Notes will be issued in three tranches pursuant to the Amended and Restated Subscription Agreement. However, the Maturity Date of the Notes is not extended and shall remain to be the date 36 months after the Second Tranche Closing Date (or if the Second Tranche Notes are not issued, the First Tranche Closing Date), pursuant to the Amended and Restated Subscription Agreement.

Save for the amendments as disclosed above, there is no material change in the terms of the Subscription Agreement or the Conditions and other terms of the Subscription Agreement, as disclosed in the Announcements and Circular, are restated and shall continue in full force and effect.

AMENDMENTS TO OTHER DOCUMENTS

Amended and Restated Facility Agreement

As disclosed in the Circular, the Company was informed by the Guarantor that the Facility Agreement had been entered into between, among others, the Subscriber, the Lender and the Guarantor, pursuant to which, the Lender agreed to provide a loan facility in an amount of not more than USD80,000,000 (equivalent to approximately HK\$620,000,000) to the Subscriber and the Guarantor agreed to provide guarantee for the performance of the obligations of the Subscriber under the Facility Agreement.

The Company was informed by the Subscriber that the Amended and Restated Facility Agreement has been entered into between the Subscriber, the Lender and the Guarantor, pursuant to which the original Facility Agreement was amended and restated and certain terms of the Facility Agreement have been amended, including, inter alia, the amount of loan facility under the original Facility Agreement which was revised to not more than USD40,000,000 (equivalent to approximately HK310,000,000). The Company was informed by the Guarantor that the SG Loan (as disclosed in the Circular) will not be proceeded with. Pursuant to the Amended and Restated Facility Agreement, bank guarantee(s) with amount equals to the amount of the loan(s) drawn down by the Subscriber will be provided to the Lender as security for the performance of the Subscriber under the Amended and Restated Facility Agreement. The Company is not required to incur any expenses or to pledge or charge any of the Group's assets under such bank guarantee(s).

Amended and Restated Option Deed

The Company has been informed by the Guarantor that the Amended and Restated Option Deed has been entered into between the Guarantor and the Lender pursuant to which the original Option Deed was amended and restated to (i) reflect the changes made to the Facility Agreement and as to the timing of the subscription of the Notes and hence any Share Settlement, and (ii) to change the period during which the put option could be exercised by the Lender to commencing on the date which is 24 months after the date of drawn down of the first loan under the Amended and Restated Facility Agreement and expiring on the date falling three months after the date on which all amounts under the Amended and Restated Facility Agreement and other relevant documents have been repaid in full.

GENERAL

The Directors (including the independent non-executive Directors) are of the view that the terms of the Amended and Restated Subscription Agreement, which were arrived at after arm's length negotiation between the parties thereto are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. To the best of the Directors' information, belief and knowledge, none of the Directors have a material interest in relation to the Amended and Restated Subscription Agreement and the transaction contemplated thereunder.

The Company has not incurred any additional material obligation by entering into the Amended and Restated Subscription Agreement, instead, certain undertakings have been removed or relaxed. In addition, the principal terms of the Subscription Agreement, including the maximum aggregate principal amount of the Notes which may be issued by Company under the Subscription Agreement and the maximum total number of Shares which may be issued as Share Settlement pursuant to the Specific Mandate have not been revised. Accordingly, the Directors consider that approval of the Amended and Restated Subscription Agreement by Independent Shareholders of the Company is not necessary as there are no material adverse changes in respect of the rights and obligations of the Company, to the transactions contemplated under the Subscription Agreement, which were approved by the Independent Shareholders at the SGM held on 11 November 2013.

DEFINITIONS

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

“Amended and Restated Facility Agreement”	the amended and restated facility agreement dated 15 March 2014 entered into between the Subscriber, the Guarantor and the Lender which replaces and supersedes the original Facility Agreement
“Amended and Restated Option Deed”	the amended and restated option deed dated 15 March 2014 entered into between the Lender and the Guarantor which replaces and supersedes the original Option Deed
“Amended and Restated Subscription Agreement”	the amended and restated subscription agreement dated 15 March 2014 entered into between the Company, the Guarantor and the Subscriber which replaces and supersedes the original Subscription Agreement and all amendments thereto prior to the date of such amended and restated subscription agreement
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday or a public holiday in Hong Kong) on which banks are open for general business in Hong Kong
“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
“Conditions”	the terms and conditions of the Notes
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Facility Agreement”	a facility agreement dated 18 September 2013 between the Subscriber, the Guarantor and the Lender, pursuant to which, the Lender has agreed to provide a loan facility in an amount of not more than USD80,000,000 (equivalent to approximately HK\$620,000,000) to the Subscriber and the Guarantor has agreed to provide guarantee for the performance of the obligations of the Subscriber under the Facility Agreement

“First Tranche Closing Date”	such date on which the First Tranche Notes shall be issued pursuant to the Subscription Agreement as amended and restated by the Amended and Restated Subscription Agreement
“First Tranche Notes”	the first tranche of Notes
“GFA”	gross floor area
“Group”	the Company and its subsidiaries from time to time
“Guarantor”	Mr. Cheng Keung Fai, a substantial shareholder (has the meaning ascribed to it under the Listing Rules) of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than the Guarantor, the Subscriber and their respective associates
“Interest Reserve Account”	a designated bank account established by the Company or one of its wholly owned subsidiaries at a bank in Macau
“IRR Amount”	the amount payable by the Company on redemption of the Notes or occurrence of an event of default within the Two-Year Period pursuant to the Conditions as amended and restated by the Amended and Restated Subscription Agreement
“Lender”	Krystal Light Investment Limited, being the lender for provision of a loan facility to the Subscriber pursuant to the Facility Agreement as amended and restated by the Amended and Restated Facility Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date on which the Notes will be redeemed at 100% of their principal amount pursuant to the Subscription Agreement as amended and restated by the Amended and Restated Subscription Agreement

“Notes”	the 20.00% guaranteed secured notes in the combined amount of up to a maximum principal amount of USD80,000,000 (equivalent to approximately HK\$620,000,000) to be issued by the Company and guaranteed by the Guarantor
“Notes Issue”	the issue of the Notes by the Company
“Option Deed”	the option deed entered into between the Lender and the Guarantor pursuant to which, the Lender shall have a right to sell (but not as obligation) to the Guarantor all or any of Shares which may be obtained by the Subscriber under the Share Settlement and transferred to (or directly issued by the Company to) the Lender as part payment of interest accrued and payable by the Subscriber to the Lender pursuant to the Facility Agreement
“PRC”	The People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this circular
“Second Tranche Closing Date”	such date on which the Second Tranche Notes shall be issued pursuant to the Subscription Agreement as amended and restated by the Amended and Restated Subscription Agreement
“Second Tranche Notes”	the second tranche of Notes
“SFO”	Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong
“SGM”	the special general meeting of the Company held on 11 November 2013 at which Subscription Agreement and the transactions contemplated thereunder, and the grant of the Specific Mandate were approved by the Independent Shareholders
“Share Settlement”	the Shares which may be allotted and issued to the Subscriber as part of the interest payment in lieu of cash under the Notes pursuant to the terms of the Notes
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holder(s) of the Share(s)

“Specific Mandate”	a specific mandate to allot, issue or otherwise deal in additional Shares to satisfy the allotment and issue of the Shares pursuant to the conditions of the Notes as granted by the Independent Shareholders at the SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Sunny Glory Investments Limited, a company incorporated in the British Virgin Islands
“Subscription Agreement”	the agreement dated 18 September 2013 entered into between the Company, the Subscriber and the Guarantor in relation to the subscription by the Subscriber of the Notes in the principal amount of not more than USD80,000,000
“Supplemental Agreement”	the supplement agreement dated 20 February 2014 entered into between the Company, the Guarantor and the Subscriber in respect of the extension of the First Tranche Closing Date in the Subscription Agreement to a date no later than six months after the date of the SGM
“Third Tranche Closing Date”	such date on which the Third Tranche Notes shall be issued pursuant to the Amended and Restated Subscription Agreement
“Third Tranche Notes”	the third tranche of the Notes
“Two-Year Period”	the period from and including the date of the last tranche of Notes to be issued, to and including the date which is two years after such issue date pursuant to the Conditions as amended and restated by the Amended and Restated Subscription Agreement
“USD”	United States dollar(s), the lawful currency of the United State
“%”	per cent

By order of the Board
Cheung Wo International Holdings Limited
JIN LEI
Chairman

Hong Kong, 15 March 2014

For the purpose of this announcement, translations of USD into Hong Kong dollars or vice versa have been calculated by using an exchange rate of USD1.00 equal to HK\$7.75. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

As at the date of this announcement, the Board comprises six Directors. The executive Directors of the Company are Mr. Jin Lei (Chairman), Ms. Law Kee, Alice (Chief Executive Officer) and 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.