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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)

DISCLOSEABLE TRANSACTION

SUMMARY

The Board is pleased to announce that on 2 April 2014 (after trading hours), the Subscriber, a wholly-owned subsidiary of the Company, as subscriber, G2 and the Target Company entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Target Company has conditionally agreed to issue and allot the Subscription Shares to the Subscriber at a subscription price of HK\$120,000,000, which shall be satisfied by way of cash by tranches. The Subscription Shares represent 45% of the enlarged issued share capital of the Target Company as at Completion.

As at the date of this announcement, the Target Company is a wholly owned subsidiary of G2 Whale Holding, which is the holder of an exclusive, global, non-transferable, limited, non-assignable licence to use the trade mark “Forbes” in certain specific fields. The Target Group will mainly be engaged in the business of (I) provision of advisory services to real estate developers in the PRC which are interested in developing commercial or mixed-use real estate projects under the concept of internationally recognized brands including but not limited to the Forbes mark; (II) assisting these real estate developers to enter into agreements with G2 Whale Holding for utilising internationally recognized brands including but not limited to the Forbes trade mark in naming their financial centre and/or real estate development; and (III) provision of brand management consulting services to these real estate developers in the PRC.

Completion is subject to the fulfilment or waiver of certain conditions precedent. Upon Completion, the Target Group will become an associated company of the Company.

* *For identification purpose only*

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Subscription under the Subscription Agreement would exceed 5% but are less than 25%, the Subscription therefore constitutes a discloseable transaction for the Company under the Listing Rules.

The Board is pleased to announce that on 2 April 2014 (after trading hours), the Subscriber, a wholly-owned subsidiary of the Company, as subscriber, G2 as the then existing shareholder of the Target Company and the Target Company entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for the Subscription Shares and the Target Company has conditionally agreed to issue and allot the Subscription Shares to the Subscriber, subject to the terms and conditions set out in the Subscription Agreement.

THE SUBSCRIPTION

The Subscription Agreement

Details of the Subscription Agreement are set out as follows:

Date: 2 April 2014

Parties:

Target Company Broad World Holdings Limited, a company incorporated in the BVI with limited liability and is an investment holding company. As at the date of this announcement, it is wholly owned by G2 Whale Holding. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Target Company and its ultimate beneficial owners are Independent Third Parties.

Subscriber: Elite State Developments Limited, a company incorporated in the BVI with limited liability, an investment holding company and a wholly-owned subsidiary of the Company

Other shareholder of
the Target
Company G2, a wholly owned subsidiary of G2 Whale Holding.

Subject matter of the Subscription Agreement

Pursuant to the Subscription Agreement, the Target Company has conditionally agreed to issue and allot and the Subscriber has conditionally agreed to subscribe for the Subscription Shares, representing 45% of the issued share capital of the Target Company as enlarged by the Subscription on the Completion Date. Upon Completion, the Target Company will become an associated company of the Company.

The Subscription Price

The Subscription Price is HK\$120,000,000, which shall be satisfied by way of cash by three tranches:

- (I) a sum of HK\$40,000,000 be paid upon Completion;
- (II) a sum of HK\$40,000,000 be payable upon the Target Company's entering into the co-operation agreement with the relevant PRC estate developer relating to the real estate project in Jiangsu Province, the PRC in the terms and conditions reasonably satisfactory to the Subscriber; and
- (III) the remaining HK\$40,000,00 be payable upon the Target Company's entering into a co-operation agreement with the relevant PRC estate developer relating to the real estate project in Guangdong Province the PRC in the terms and conditions reasonably satisfactory to the Subscriber.

The Subscription Price is determined after arm's length negotiations between the parties to the Subscription Agreement with reference to the valuation report issued by Grant Sherman Appraisal Limited (a company which has the qualification in appraisal of securities and future business) (the "**Valuation Report**"). The Valuation Report stated that the 45% equity interest in the Target Company as at 28 February 2014 was approximately HK\$125,871,000. Details of the Valuation Report are set out in the section headed "Valuation" below.

Pursuant to the Subscription Agreement, notwithstanding the respective shareholding of the Subscriber and G2, any dividend payment to G2 and the Subscriber shall be in the proportion of 50:50.

The Directors consider that the terms of the Subscription Agreement (including the terms of the Subscription Price) are fair and reasonable and on normal commercial terms and that the entering into the Subscription Agreement is in the interests of the Company and the Shareholders as a whole. The Subscription Price will be financed from the Group's internal cash resources.

Conditions precedent to the Completion

The completion of the Subscription is conditional upon fulfilment of the following conditions:

- (i) all necessary consents and approvals (including those from the relevant government, regulatory bodies, authorities or third parties (including banks)) in relation to the transactions contemplated under the Subscription Agreement having been obtained by the Target Company and such consents and approvals should be valid up to the Completion Date;
- (ii) the result of the due diligence review carried out by the Subscriber on the business and prospects of the Target Group and on the books, records, constitutional documents, contracts, accounting records relating to the Target Group, being satisfactory to the Subscriber, and the Subscriber being satisfied that the representations and warranties as set out in the Subscription Agreement are complete, true and accurate and written notice to that effect having been given to the Target Company; and
- (iii) there has been no material breach by G2 and the Target Company of the terms and conditions of the Subscription Agreement before the Completion Date.

The Subscriber may waive any of the conditions precedents except the condition set out in (i) above. If the conditions precedent have not been fulfilled or waived by the Subscriber on or before the Long Stop Date, the Subscription Agreement shall lapse and thereafter none of the parties to the Subscription Agreement shall have any rights or obligations towards any other party save and except for any antecedent breach.

Completion

Completion shall take place within seven Business Days after the fulfilment or waiver of the conditions precedent.

VALUATION

According to the Valuation Report, the appraisal value of 45% equity interest in the Target Company carried out by Grant Sherman Appraisal Limited as at 28 February 2014 was approximately HK\$125,871,000. The valuation under the Valuation Report has adopted the income-based approach, which involves the calculation of discounted cash flow method and thus, constitutes a profit forecast for the purpose of Rule 14.61 of the Listing Rules (the “**Profit Forecast**”). This announcement shall therefore be made in compliance with Rules 14.60A and 14.62 of the Listing Rules.

Assumptions with respect to the Subscription

Pursuant to Rule 14.62(1) of the Listing Rules, the principal assumptions upon which the Valuation Report was based are set out below:

1. the major terms in the letters of intent signed between the Target Group and the developers of the four real estate development projects will be materialised;
2. G2 Whale Holding will be able to maintain its status as the licensee of the license agreement of the Forbes mark for not less than 10 years by satisfying the relevant terms and conditions in the master licence agreement entered into between G2 Whale Holding and the owner of the Forbes mark;
3. the goodwill of the Forbes mark will not be infringed upon in a manner which would materially affect the economic benefits attributable to the Target Group;
4. there will be no major changes in the existing political, legal, fiscal and economic conditions in the country in which the Target Group operates that would materially affect the economic benefits attributable to the Target Group;
5. there will be no major changes in the current taxation law in the countries in which the Target Group operates, that the rate of tax payable will remain unchanged and that all applicable laws and regulations will be complied with;
6. exchange rate and interest rates will not differ materially from those presently prevailing;
7. effective tax rates will not differ materially from those presently prevailing;
8. all approvals, licenses and contractual agreements with respect to the Target Group and its operations are legal, valid and will be enforceable in accordance with the legal terms;
9. the availability of finance will not be a constraint on the forecasted growth of the Target Group;
10. the Target Group will successfully maintain its competitiveness and expand its market share in the operating period through optimizing the utilization of its production capacity and expanding its marketing network;
11. the Target Group will utilize and maintain its current operational, administrative and technical facilities to expand and increase revenue;
12. the Target Group can keep abreast of the latest development of the industry such that its competitiveness and profitability can be sustained; and

13. industry trends and market conditions for the Target Group’s business will not deviate materially from economic forecasts.

Elite Partners CPA Limited (“**Elite Partners**”), the reporting accountants of the Company, has checked the arithmetical accuracy of the calculations of the discounted cash flow forecast underlying the Valuation, which does not involve the adoption of accounting policies. The Directors confirm that the Valuation, which constitutes a profit forecast under Rule 14.61 of the Listing Rules, has been made after due and careful enquiry.

A letter from the Board and a letter from Elite Partners have been submitted to the Stock Exchange, and are included in Appendices I and II to this announcement pursuant to Rules 14.60A and 14.62 of the Listing Rules.

EXPERTS AND CONSENTS

The qualifications of the experts who have given their opinion and advice included in this announcement are as follows:

Name	Qualification
Grant Sherman Appraisal Limited	Independent professional valuer
Elite Partners CPA Limited	Certified Public Accountants

As at the date of this announcement, neither Grant Sherman Appraisal Limited nor Elite Partners has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for the securities in any member of the Group.

To the best knowledge, information and belief of the Board, each of Grant Sherman Appraisal Limited and Elite Partners is an Independent Third Party.

The Valuation Report issued by Grant Sherman Appraisal Limited was dated 31 March 2014.

Each of Grant Sherman Appraisal Limited and Elite Partners has given and has not withdrawn its consent to the publication of this announcement with inclusion of its letter or opinion and all references to its name in the form and context in which it is included.

INFORMATION ON THE TARGET COMPANY

The Target Company was incorporated in 6 March 2014. As at the date of this announcement, it is a wholly owned subsidiary of G2 Whale Holding, which is the holder of an exclusive, global, non-transferable, limited, non-assignable licence to use the trade mark “Forbes” in certain fields including

but not limited to marketing, developing, managing, leasing, renting and otherwise profiting from real estate development for an initial term of seven years commencing from 2013, which, subject to conditions, can be renewed for two further terms of three years and five years respectively.

The Target Group will mainly be engaged in the business of (I) provision of advisory services to those real estate developers in the PRC which are interested in developing commercial or mixed-use real estate projects under the concept of internationally recognized brands, including but not limited to Forbes Financial Centre in respect of, among others, selection of project sites, design and management services etc; (II) assisting these real estate developers in the PRC to enter into agreements with G2 Whale Holding for utilising other internationally recognized brands, including but not limited to the Forbes trade mark in naming their financial centre and/or real estate development; and (III) provision of brand management consulting services to these real estate developers for managing and maintain the brand and uniqueness of their real estate developments.

Up to the date of this announcement, the Target Company has entered into four letters of intents with real estate developers in the PRC for the provision of the advisory and consultancy services set out above and two of the real estate development projects are developed by the Group. The Target Company represented that co-operation agreements would be entered into between the WFOE and these real estate developers upon completion of the incorporation of the WFOE. G2 agrees that, so long as the Subscriber remain as a shareholder of the Target Company holding not less than 45% of the issued shares of the Target Company, the Subscriber shall have a first right of refusal to develop real estate using the brands managed by the Target Group in those provinces mentioned in the letters of intent.

Upon Completion, the Target Company will become an associated company of the Company.

The Target Group did not have recorded any revenue or profit since its incorporation. The unaudited net asset value of the Target Group as at 31 March 2014 was approximately HK\$1,000,000.

REASONS FOR THE SUBSCRIPTION

The Group is principally engaged in property and hotel development and investment in the PRC as well as film production and related business. As mentioned in the Company's announcement dated 24 February 2014 in relation to the Company's placing of 214,200,000 shares under its general mandate, the Company intends to apply part of the net proceeds from the Placing to finance a possible acquisition of a company which shall have the right to use an internationally recognized brand in property related projects. Hence, the Directors take the view that the Company's investment in the Target Company poses a valuable opportunity for the Group to penetrate in the business of brand management and consultancy in the real estate property market in the PRC.

The Directors are also of the view that the investment in the Target Group provides an opportunity for the Group to broaden its revenue base. In consideration of the benefits of the Subscription, the Directors (including the independent non-executive Directors) believe that the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Subscription under the Subscription Agreement would exceed 5% but are less than 25%, the Subscription therefore constitutes a discloseable transaction for the Company under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday and Sunday) on which banks in Hong Kong are open for business
“BVI”	British Virgin Islands
“Company”	Cheung Wo International Holdings Limited, a company incorporated in the Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange (stock code: 0009)
“Completion”	the completion of the Subscription in accordance with the terms of the Subscription Agreement
“Completion Date”	the date of Completion
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“G2”	G2 Whale Real Estate Development (China) Limited, a company incorporated in the BVI and is wholly-owned by G2 Whale Holding

“G2 Whale Holding”	G2 Whale Real Estate Development Limited, a company incorporated in the BVI and is wholly-owned by Independent Third Parties
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Subsidiaries”	companies incorporated in Hong Kong and wholly owned by the Target Company; and “ Hong Kong Subsidiary ” means any of them
“Independent Third Party(ies)”	a third party(ies) independent of and not connected with the Company and its subsidiaries and its connected persons
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Long Stop Date”	30 June 2014 or such later date as the parties to the Subscription Agreement may agree in writing
“PRC”	The People’s Republic of China, which, for the purpose of this announcement, does not include Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Elite State Developments Limited 傑國發展有限公司, a company incorporated in the BVI and is wholly-owned by the Company
“Subscription”	the subscription for the Subscription Shares by the Subscriber from the Target Company pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription and shareholders’ agreement dated 2 April 2014 entered into between the Subscriber, the Target Company and G2 in relation to the Subscription
“Subscription Price”	the subscription price for the Subscription Shares, being HK\$120,000,000
“Subscription Shares”	45 new shares of US\$1.00 in the issued share capital of the Target Company, representing 45% of the issued share capital of the Target Company as at the Completion Date

“Target Company”	Broad World Holdings Limited 博世控股有限公司, a company incorporated in the BVI with limited liability
“Target Group”	the Target Company, Hong Kong Subsidiaries and the WFOE
“WFOE”	the wholly foreign owned enterprise, which is wholly owned by the HK Subsidiary and is in the course of incorporation, in the PRC as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%” or “per cent”	percentage

By Order of the Board
Cheung Wo International Holdings Limited
Mr. Jin Lei
Chairman

Hong Kong, 2 April 2014

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 independent non-executive Directors are Mr. Tsui Pui Hung, Mr. Tang Ping Sum and Mr. Chu To, Jonathan.

If there is any inconsistency between the Chinese names of PRC entities, departments, facilities or titles mentioned in this announcement and their English translation, the Chinese version shall prevail.

APPENDIX I – LETTER FROM THE BOARD

The following is the text of the letter dated 2 April 2014 from Cheung Wo International Holdings Limited which was prepared for the incorporation in this announcement.



CHEUNG WO INTERNATIONAL HOLDINGS LIMITED 長和國際實業集團有限公司*

2 April 2014

The Stock Exchange of Hong Kong Limited
11th Floor
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Dear Sirs,

We refer to the announcement of Cheung Wo International Holdings Limited (the “**Company**”) dated 2 April 2014 (the “**Announcement**”) of which this letter forms part. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context otherwise requires.

We, the Board of the Company, note that Elite Partners CPA Limited, Certified Public Accountants, the Company’s reporting accountant, has examined the arithmetical accuracy of the calculation of the discounted cash flow forecast, which do not involve the adoption of accounting policies, in the valuation report dated 31 March 2014 (the “**Valuation**”) prepared by Grant Sherman Appraisal Limited (the “**Independent Valuer**”) in relation to the 45% equity interest in Broad World Holdings Limited (the “**Target Company**”) as at 28 February 2014. The Valuation is prepared based on discounted future estimated cash flows method and it is regarded as a profit forecast under Rule 14.61 of the Listing Rules (the “**Underlying Forecast**”).

We have discussed with the Independent Valuer and the management of the Company the basis and assumptions in the Valuation upon which the Underlying Forecast has been made and have reviewed the Valuation. We have also considered the report dated 2 April 2014 issued by Elite Partners CPA Limited, Certified Public Accountants to the Board that Elite Partners CPA Limited had examined the arithmetical accuracy of the calculations of the Valuation for assisting the Directors in evaluating whether the discounted future estimated cash flow, so far as the calculations are concerned, has been properly compiled and for no other purpose.

On the basis of the foregoing, we confirm that the Valuation, including the Underlying Forecast, has been made after due and careful enquiry.

The purpose of this letter is solely for the strict compliance with Rule 14.62 of the Listing Rules. We, however, express no opinion in this letter on the actual results of the Underlying Forecast as the Underlying Forecast is based on hypothesis of future events.

Yours faithfully

For and on behalf of the Board

Cheung Wo International Holdings Limited

Law Kee, Alice

Executive Director

* *For identification purpose only*

APPENDIX II – LETTER FROM ELITE PARTNERS CPA LIMITED

The following is the text of the letter dated 2 April 2014 from Elite Partners CPA Limited, Certified Public Accountants which was prepared for the incorporation in this announcement.



2 April 2014

The Board of Directors
Cheung Wo International Holdings Limited
Room 4101,
41/F., The Lee Gardens
33 Hysan Avenue,
Causeway Bay
Hong Kong

Dear Sir or Madam,

CHEUNG WO INTERNATIONAL HOLDINGS LIMITED (THE “COMPANY”) AND ITS SUBSIDIARIES (COLLECTIVELY REFERRED TO AS THE “GROUP”)

Comfort letter on profit forecast underlying the valuation of the Broad World Holdings Limited (the” Target Company”) and its subsidiaries (collectively referred to as the “Target Group”) in connection with discloseable transaction of the Group

We report on the calculations of the discounted future estimated cash flows on which the business valuation (the “Valuation”) report dated 31 March 2014 prepared by Grant Sherman Appraisal Limited in respect of the Valuation of the Target Group as at 28 February 2014 in connection with proposed shares subscription which represent 45% of the enlarged issued share capital of the Target Company, as published in the Company’s announcement dated 2 April 2014 (the “Announcement”). Capitalised terms used in this letter have the same meanings as defined in the Announcement of the Company dated 2 April 2014 unless the context otherwise requires.

The Valuation which is determined based on the discounted cash flows and is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND THE REPORTING ACCOUNTANTS

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows for the Valuation which is regarded as a profit forecast under Rule 14.62 of the Listing Rules.

It is our responsibility to report, as required by Rule 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. The discounted future estimated cash flows do not involve the adoption of accounting policies.

The discounted future estimated cash flows depend on future events and on a number of bases and assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Consequently, we have not reviewed, considered or conducted any work on the appropriateness and validity of the bases and assumptions and express no opinion on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows, and thus the Valuation, are based.

BASIS OF OPINION

We conducted our work in accordance with Hong Kong Standards on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to the procedures under Auditing Guideline 3.341 “Accountants’ report on profit forecasts” issued by Hong Kong Institute of Certified Public Accountants. We examined the arithmetical accuracy of the Valuation. Our work has been undertaken solely to assist the directors of the Company in evaluating whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled and for no other purpose. We accept no responsibility to any other person in respect of, arising out of in connection with our work. Our work does not constitute any valuation of the Target Group.

OPINION

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the Company.

Yours faithfully

Elite Partners CPA Limited
Certified Public Accountants

Hong Kong

Chan Wai Nam, William
Practising Certificate Number: P05957