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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)**

### **CLARIFICATION ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2013**

Reference is made to the annual report (the “**Annual Report**”) of Cheung Wo International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the financial year ended 31 December 2013 (the “**Reporting Period**”) posted on the respective websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Company on 22 April 2014.

In addition to the information disclosed in the Annual Report, the Company wishes to provide shareholders of the Company and the public with additional information regarding the material equity fund raising activities of the Company during the Reporting Period as below.

#### **ISSUE OF CONVERTIBLE BONDS UNDER THE SUBSCRIPTION AGREEMENT**

On 8 April 2013, the Company entered into a subscription agreement (the “**Subscription Agreement**”) with Full Dragon Group Limited (the “**Subscriber**”) pursuant to which the Subscriber has agreed to subscribe for the convertible bonds of the Company in an aggregate principal amount of not more than HK\$314,640,110 (the “**Subscription**”). The Subscription was completed on 24 May 2013. Convertible bonds in the principal amount of HK\$214,640,110 were issued to the Subscriber and its nominees in accordance with the terms of the Subscription Agreement. For more details, please refer to the announcements of the Company dated 8 April 2013, 16 April 2013 and 24 May 2013 respectively.

\* *For identification purpose only*

The net proceeds from the Subscription were approximately HK\$200,000,000. As disclosed in the Company's announcement dated 8 April 2013 and the Company's circular dated 19 April 2013 respectively, the Group will identify high potential property development projects to accumulate land bank. As such, it is intended that the net proceeds from the Subscription will be applied for additional funding to accumulate land bank and as general working capital of the Group.

As advised by the directors of the Company (the "**Directors**"), during the Reporting Period, approximately HK\$22,433,000 out of the net proceeds were utilised to pay for land related costs pertaining to the acquisition of a parcel of land (the "**Land**") adjacent to the Group's existing property project (the "**Project**") in Xiangtan, Hunan Province. The land related costs mainly include title deed taxes of approximately HK\$19,192,000 and transaction fees of approximately HK\$3,001,000. The Land measures 240 *mu* (equivalent to approximately 160,229 square meters) and it is the Group's preliminary plan to develop the Land into residential units with apartments and semi-detached houses.

As no other high potential property development projects were identified during the Reporting Period, the remaining net proceeds of approximately HK\$177,567,000 were applied as the Group's general working capital, as to approximately HK\$133,753,000 for payment of construction fees in relation to the Project, and as to approximately HK\$43,814,000 held at a financial institution at the end of the Reporting Period.

The Directors confirm that the proceeds of the issuance of the convertible bonds under the Subscription have been applied in accordance with its intended uses.

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

On 28 January 2013, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent agreed to place, on best effort basis, to not less than six independent places for up to 68,640,000 new shares of the Company (the "**Shares**") at a price of HK\$0.415 per share (the "**Placing**"). Completion of the Placing took place on 28 February 2013. As disclosed in the Company's announcement dated 28 February 2013, an aggregate of 68,640,000 Shares have been placed to not less than 6 placees, who and whose ultimate beneficial owners are independent third parties not connected with the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on the Stock Exchange).

The net placing price was approximately HK\$0.408 per Share. The closing price per Share as quoted on the Stock Exchange on the date of the said placing agreement was HK\$0.49.

As disclosed in the Company's announcement dated 28 January 2013, the Directors consider that the Placing represents a good opportunity to broaden the shareholders' base and capital base of the Company and to strengthen its capital structure. The net proceeds of the Placing were approximately HK\$28.0 million, which were intended to be used as the Group's general working capital.

Set out below is a breakdown of the Group's actual use of net proceeds from the Placing as general working capital during the Reporting Period:

<b>Items</b>	<i>HK\$</i>
Legal and professional	5,680,000
Rent and rates	4,848,000
Staff costs	4,760,000
Audit fee	1,273,000
Purchase of motor vehicles	739,000
Various items in general office expenses	<u>1,708,000</u>
<b>Total</b>	<b><u><u>19,008,000</u></u></b>

The remaining net proceeds of approximately HK\$8,992,000 were held at a financial institution at the end of the Reporting Period.

The Directors confirm that the proceeds from the Placing have been applied in accordance with its intended uses.

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

Hong Kong, 19 September 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 the independent non-executive Directors are Mr. Tsui Pui Hung, Mr. Tang Ping Sum and Mr. Chu To, Jonathan.*