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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, registered institutions in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Cheung Wo International Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

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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)

ISSUE OF UNLISTED WARRANTS UNDER SPECIFIC MANDATE

Placing Agent



廣發證券(香港)經紀有限公司
GF SECURITIES (HONG KONG) BROKERAGE LIMITED

A notice convening an special general meeting of the Company (the “SGM”) to be held at Room 4101, 41st Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong on Friday, 3 July 2015 at 3:00p.m. is set out on pages 18 to 19 of this circular.

Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjourned thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned thereof should you so wish.

16 June 2015

* For identification purpose only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Notice of the SGM	18

DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context otherwise requires:

“Announcement”	the announcement of the Company dated 27 May 2015 in respect of the Placing
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday or public holiday) on which licensed banks in Hong Kong generally are open for business throughout their normal business hours
“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
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Directors”	the director(s) of the Company
“Existing Warrants”	unlisted warrants conferring the rights to subscribe for an aggregate of 7,933,329 Shares at the Then Subscription Price of HK0.70 per Share (subject to adjustment) issued on 5 March 2014
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Issue Price”	HK\$0.057 per Warrant to be issued pursuant to the Placing
“Last Trading Day”	27 May 2015, being the full trading day immediately prior to the date of the Placing Agreement
“Latest Practicable Date”	11 June 2015, the latest practicable date prior to the issue of this circular for the purpose of ascertaining certain information contained herein
“Listing Committee”	the listing committee of the Stock Exchange

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“NAV”	the audited net asset value per Share of approximately HK\$0.97 as at 31 December 2014
“Placees”	the professional investors selected and procured by or on behalf of the Placing Agent to subscribe for the Warrants pursuant to the Placing Agreement
“Placing”	the placing of the Warrants on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	GF Securities (Hong Kong) Brokerage Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent in respect of the Placing (as amended by the Supplemental Agreement)
“PRC”	the People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held at Room 4101, 41st Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong on Friday, 3 July 2015 at 3:00 p.m. to approve, among others, the Placing Agreement and the Specific Mandate
“Shares”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Specific Mandate”	the specific mandate required to be granted to the Directors by the Shareholders at the SGM for the allotment and issue of Warrant Shares
“Subscription Period”	a period of 12 months commencing from the date of issue of the Warrants

DEFINITIONS

“Subscription Price”	HK\$0.68 (subject to adjustment), being the exercise price per Warrant Share at which the holder of each Warrant may subscribe for the Warrant Shares
“Supplemental Agreement”	the supplemental agreement dated 12 June 2015 entered into between the Company and the Placing Agent
“Then Subscription Price”	HK\$0.70 (subject to adjustment), for the Existing Warrants
“USD”	United States dollar(s), the lawful currency of the United States
“Warrants”	unlisted warrants issued at the Issue Price conferring the rights on the holders thereof to subscribe for an aggregate of 265,000,000 Warrant Shares at the Subscription Price of HK\$0.68 per Warrant Share (subject to adjustment upon the occurrence of any of the adjustment events) during the Subscription Period, created by the Warrant Instrument
“Warrant Instrument”	an instrument to be executed by the Company by way of deed poll constituting the Warrants
“Warrant Share(s)”	new Shares to be allotted and issued by the Company upon exercise of the subscription rights attaching to the Warrants
“%”	per cent

For the purpose of this circular, 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.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Jin Lei (*Chairman*)
Ms. Law Kee, Alice (*Chief Executive Officer*)
Mr. Hui Wai Lee, Willy

Independent non-executive Directors:

Mr. Tsui Pui Hung
Mr. Tang Ping Sum
Mr. Chu To, Jonathan

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*

Room 4101
41st Floor
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

16 June 2015

To the Shareholders

Dear Sir or Madam,

ISSUE OF UNLISTED WARRANTS UNDER SPECIFIC MANDATE

INTRODUCTION

Reference is made to the Announcement. On 27 May 2015 (after trading hours), Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company appointed the Placing Agent as its placing agent, on a best effort basis, to procure not less than six Placee(s) who will be Independent Third Parties to subscribe for up to 265,000,000 Warrants at the Issue Price of HK\$0.057 per Warrant conferring the rights to subscribe for up to an aggregate of 265,000,000 Warrant Shares at the Subscription Price (subject to adjustment) per Warrant Share. Reference is also made to the announcement of the Company dated 12 June 2015 in relation the entering into of the Supplemental Agreement, in which the adjustment mechanism to the Warrants as a result of share consolidation and share subdivision has been clarified.

* *For identification purpose only*

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, further information on the Placing and a notice of the SGM.

ISSUE OF UNLISTED WARRANTS UNDER SPECIFIC MANDATE

Placing of the Warrants

The Placing Agreement (as amended by the Supplemental Agreement dated 12 June 2015 entered into between the same parties)

Date: 27 May 2015

Parties: (i) The Company as the issuer
(ii) GF Securities (Hong Kong) Brokerage Limited as the Placing Agent

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placing Agent will charge the Company a placing commission equal to 1% of the Issue Price multiplied by the number of Warrants placed by the Placing Agent. The Placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, among other things, the prevailing market rate of placing commission and the size and scale of the Placing. The Directors consider that the placing commission is fair and reasonable based on the current market conditions.

Save for the Placing Agreement and the placing of new shares with the Existing Warrants attached as disclosed in the announcement of the Company dated 24 February 2014, the Company has not entered or contemplated to enter into any other arrangements, agreements or understanding (whether formal or informal and whether express or implied) with the Placing Agent.

(1) Number of Warrants and Issue Price

The Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company appointed the Placing Agent as its placing agent to procure not less than six Placee(s) who will be Independent Third Parties to subscribe for up to 265,000,000 Warrants at the Issue Price of HK\$0.057 per Warrant conferring the rights to subscribe for up to an aggregate of 265,000,000 Warrant Shares at the Subscription Price (subject to adjustment) per Warrant Share.

(2) Placees

The Warrants shall be placed by the Placing Agent to not less than six Placees which will be professional or institutional investors, and who and whose ultimate beneficial owners are Independent Third Parties.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Placing Agent has not identified any Placees. It is expected that none of the Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company upon exercise of the subscription rights attaching to the Warrants issued to them. The Placing Agent will not place the Warrants to any holder of the Existing Warrants.

(3) *Conditions of the Placing*

Completion of the Placing Agreement is conditional upon:

- (a) the Stock Exchange granting listing of and permission to deal in the Warrant Shares, subject to conditions to which neither the Placing Agent nor the Company may reasonably object;
- (b) the compliance of any other requirements under the Listing Rules or otherwise of the Stock Exchange which requires compliance in relation to the Placing, the issue of the Warrants and the Warrant Shares;
- (c) the passing of resolution(s) by the shareholders of the Company approving the Placing Agreement and the transactions contemplated thereunder, including the issue of the Warrants and the grant of Specific Mandate for the allotment and issue of the Warrant Shares at the SGM;
- (d) the obtaining of all consents from any relevant persons which are necessary or desirable in connection with the Placing and the issue of the Warrants and the Warrant Shares (and, where such consents are given subject to conditions, such conditions are on terms as may be reasonably acceptable to the Placing Agent and the Company);
- (e) there shall not have occurred any breach of, or any event rendering untrue or inaccurate, any of the representations, warranties or undertakings of the Company which would have or have had a material adverse effect on the financial position of the Group (taken as a whole) or the Company and which is material in the context of the Placing; and
- (f) the Placing Agreement not having been terminated in accordance with terms therein.

If the foregoing provisions are not fulfilled or waived (save for conditions (a), (b), (c) and (d) above which cannot be waived and condition (e) can only be waived by the Placing Agent) on or prior to 31 July 2015 (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement shall terminate and neither the Placing Agent nor the Company shall have any claim against the other for any costs or losses (save for any prior breaches of the Placing Agreement).

LETTER FROM THE BOARD

(4) *Termination*

The Placing Agent shall be entitled to terminate the Placing Agreement without liability by notice to the Company given prior to 8:00 a.m. on the date of Completion if:

- (a) there develops, occurs or comes into force:
 - (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a material adverse change in, or which may result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the reasonable opinion of the Placing Agent would materially adversely affect the success of the Placing; or
 - (ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the reasonable opinion of the Placing Agent, would materially adversely affect the success of the Placing; or
 - (iii) any material adverse change in conditions of local, national or international securities markets occurs which in the reasonable opinion of the Placing Agent would materially and adversely affect the success of the Placing; or
 - (iv) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the reasonable opinion of the Placing Agent any such new law or change may materially and adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
 - (v) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere and if in the reasonable opinion of the Placing Agent, any such change or development would materially adversely affect the success of the Placing; or
- (b) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the date of Completion which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement, in each case, which is material in the context of the Placing; or

LETTER FROM THE BOARD

- (c) there is any material adverse change in the financial position of the Company which is material in the context of the Placing; or
- (d) the trading of the Shares on the Stock Exchange has been suspended for more than ten consecutive trading days save for temporary suspension in connection with the Placing and/or the Placing Agreement.

(5) *Completion of the Placing*

Completion of the Placing shall take place on the third Business Day following the fulfillment of all the conditions of the Placing (or such other date as agreed by the parties to the Placing Agreement in writing).

Terms of the Warrants

(1) *Number of Warrant Shares*

The Warrants confer the rights to subscribe for up to an aggregate of 265,000,000 Warrant Shares at the Subscription Price per Warrant Share (subject to adjustment).

For illustration purpose only and assuming full exercise of the subscription rights attaching to the Warrants, the Company will issue 265,000,000 Warrant Shares, representing (i) approximately 17.68% of the issued share capital of the Company as at the date of the Latest Practicable Date; and (ii) approximately 15.02% of the issued share capital of the Company as enlarged by the issue and allotment of the Warrant Shares. The aggregate nominal value of the Warrant Shares upon full exercise of the subscription rights attaching to the Warrants amounts to HK\$2,650,000.

(2) *Issue Price and Subscription Price of the Warrant Shares*

The Subscription Price is HK\$0.68 per Warrant Share, subject to adjustment upon the occurrence of any of the adjustment events during the Subscription Period.

The Subscription Price of HK\$0.68 per Warrant Share represents:

- (i) a discount of approximately 41.4% to the closing price of HK\$1.16 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 75.63% to the closing price of HK\$2.79 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (iii) a discount of approximately 30.6% to the average closing price of HK\$0.98 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately prior to the Last Trading Day;

LETTER FROM THE BOARD

- (iv) a discount of approximately 29.2% to the average closing price of HK\$0.96 per Share as quoted on the Stock Exchange for the ten trading days of the Shares immediately prior to the Last Trading Day;
- (v) a discount of approximately 16.0% to the average closing price of HK\$0.81 per Share as quoted on the Stock Exchange for last consecutive 30 trading days of the Shares immediately prior to the Last Trading Day;
- (vi) a premium of approximately 3.0% to the average closing price of HK\$0.66 per Share as quoted on the Stock Exchange for the last consecutive 90 trading days of the Shares immediately prior to the Last Trading Day; and
- (vii) a discount of approximately 29.90% to the NAV of approximately HK\$0.97 as at 31 December 2014.

The aggregate of the Issue Price and the Subscription Price of approximately HK\$0.74 represents:

- (i) a discount of approximately 36.5% to the closing price of HK\$1.16 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 73.48% to the closing price of HK\$2.79 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (iii) a discount of approximately 24.8% to the average closing price of HK\$0.98 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately prior to the Last Trading Day;
- (iv) a discount of approximately 23.2% to the average closing price of HK\$0.96 per Share as quoted on the Stock Exchange for the ten trading days of the Shares immediately prior to the Last Trading Day;
- (v) a discount of approximately 9.0% to the average closing price of HK\$0.81 per Share as quoted on the Stock Exchange for last consecutive 30 trading days of the Shares immediately prior to the Last Trading Day;
- (vi) a premium of approximately 11.7% to the average closing price of HK\$0.66 per Share as quoted on the Stock Exchange for the last consecutive 90 trading days of the Shares immediately prior to the Last Trading Day; and
- (vii) a discount of approximately 23.71% to the NAV of approximately HK\$0.97 per Share as at 31 December 2014.

The Board considers that both the Subscription Price and the aggregate of it with the Issue Price, taking into account the factors mentioned below and an exercise period of 12 months, which are determined after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

In determining the Issue Price and the Subscription Price, the Directors have also considered, among others:

- (i) the closing price of the Shares in the past period – the aggregate of the Issue Price and the Subscription Price represents a premium of approximately 11.7% over the average closing price of HK\$0.66 per Share as quoted on the Stock Exchange for the last consecutive 90 trading days of the Shares immediately prior to the Last Trading Day. The Directors noted that the trading price had surged on 4 May 2015 and before that, the Shares had been traded at around HK\$0.50 to HK\$0.71 in March and April;
- (ii) comparison of price to book value of other PRC property developers – the aggregate of the Issue Price and the Subscription Price of approximately HK\$0.74 represents approximately 76% of the NAV of approximately HK\$0.97 as at 31 December 2014. The Directors consider that the discount of approximately 24% is in line with the price to book value of other listed property development companies. Seven companies (of market capitalization below HK\$6.0 billion as at the Last Trading Day) which shares are listed on the Stock Exchange and which carry on residential property development business in the PRC have been reviewed, their share price represents discounts ranging from approximately 0.1% to 60.2% to the book value;
- (iii) the funding needs of the Company – the Company intends to raise funds by the Placing for the purposes of payment of interest due under the notes in the amount of US\$20,000,000 issued on 27 January 2015 with the first interest payment due on 27 July 2015. With the funds raised by the Placing for payment of interest, the Directors consider that the cash of the Company could be reserved for the property development projects in the PRC; and
- (iv) the current market sentiment on the PRC property development sector – although the PRC government has relaxed certain measures imposed on the PRC property market in certain cities, the market sentiment in the city that the residential properties of the Group situated has not been greatly improved. The raising of capital by the Placing and possibly when the Warrants are exercised could ease the capital demand of the Company.

After determining the aggregate of the Issue Price and the Subscription Price based on the factors mentioned above, the Company determined each of the Issue Price and the Subscription Price with reference to the funding needs. In view of the schedule for payment of interest on the notes in the amount of approximately HK\$15,760,000 on 27 July 2015 and in order to attract the investors to subscribe for the Warrants, the Company determined the Issue Price at HK\$0.057 per Warrant, with an aggregate net proceeds of the Placing of approximately HK\$13.5 million.

The Directors did not take into account any valuation of the Warrants in determining the Issue Price and the Subscription Price due to the fact that the theoretical value is calculated by a formula taking into account certain factors, but it will not take into account the actual circumstances, financial condition, market condition, market position of the Company and the market sentiment of the industry that the Company is involving. The Company noted that the recent trading price has surged sharply but the Directors were not able to make any reference to the trading price of the Shares after 27 May 2015, the date of the Placing Agreement when they determine the Issue Price and the Subscription Price, though the Shareholders may take into account the recent trading price of the Shares before they vote at the SGM.

LETTER FROM THE BOARD

Assuming the full exercise of the subscription rights attaching to the Warrants at the Subscription Price, it is expected that approximately HK\$180.2 million will be raised. By paying the Issue Price, the Directors believe that the holders of Warrants should have intention to exercise the rights attaching to the Warrants, subject to the performance of the Group and market conditions.

(3) *The Warrant Instrument*

The Warrants will be issued to the holders of the Warrants upon Completion in registered form and constituted by way of deed poll to be executed by the Company. The Warrants will rank pari passu in all respects among themselves.

(4) *Ranking of the Warrant Shares*

The Warrant Shares to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants will rank pari passu in all respects with the Shares in issue (except for any right the record date for which precedes such subscription date).

(5) *Subscription Period*

The subscription rights attaching to the Warrants may be exercised at any time during a period of 12 months commencing from the date of issue of the Warrants. Upon expiry of the Subscription Period, any Warrants which have not been exercised will lapse and cease to be valid for any purpose.

(6) *Adjustment to the Subscription Price*

The subscription rights attaching to the Warrants shall be adjusted if and wherever there is an alteration of the share capital by reason of any consolidation or subdivision of Shares and the Subscription Price at which the holders of Warrants is entitled to subscribe for each Share shall be proportionately adjusted.

In addition the Subscription Price will be adjusted in accordance with the relevant provisions under the terms and conditions of the Warrant Instrument upon occurrence of any of the following events:

- (i) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (ii) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to the Shareholders in their capacity as such or the grant to the shareholders the right to acquire for cash assets of the Group;
- (iii) an offer or grant being made by the Company to the Shareholders by way of rights or of options or warrants to subscribe for new Shares at a price which is less than 90% of the market price of the Shares;

LETTER FROM THE BOARD

- (iv) an issue wholly for cash being made by the Company or any other company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per Share is less than 90% of the market price of the Shares, or the terms of any such issue being altered so that the said total effective consideration is less than 90% of the market price of the Shares;
- (v) an issue being made by the Company wholly for cash of Shares at a price less than 90% of the market price of the Shares; and
- (vi) a cancellation of any Shares repurchased by the Company in circumstances where the Directors consider that it may be appropriate to make an adjustment to the subscription price.

(7) *Transferability*

The Warrants are transferable in integral multiples of the Subscription Price by instrument of transfer in any usual or common form or such other form as may be approved by the Directors.

(8) *Rights of the holders of the Warrants*

The holders of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being the holders of the Warrants. The holders of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

(9) *Rights of the holder of the Warrants on the liquidation of the Company*

If the Company is wound up during the Subscription Period of the Warrants, all subscription rights attaching to the Warrants which have not been exercised shall lapse and the relevant warrant certificates shall cease to be valid for any purpose, save for in the event of a voluntary winding-up, the holder of the Warrants shall be entitled to exercise the subscription rights attaching to the Warrants no later than two Business Days prior to the proposed general meeting of the Company for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company in accordance with the terms and conditions of the Warrants.

SPECIFIC MANDATE TO ISSUE THE WARRANT SHARES

The Warrant Shares to be allotted and issued upon exercise of the subscription rights attaching to the Warrants will be allotted and issued pursuant to the Specific Mandate. The Company will seek the grant of the Specific Mandate from the Shareholders at the SGM. The SGM will be held to consider and, if thought fit, pass the requisite resolutions to approve, among other things, the Placing Agreement and the transactions contemplated thereunder including the issue of the Warrants and the Specific Mandate for the allotment and issue of the Warrant Shares.

LETTER FROM THE BOARD

APPLICATION FOR LISTING

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges. The objective of the issue of the Warrants is to provide additional sources of funding to the Company from a group of professional investors. The listing of the Warrants on the Stock Exchange would involve more compliance and approval procedures (such as locating additional number of investors to satisfy the requirements on minimum number of holders of the Warrants) and incur extra costs and timing for arrangement to the Company.

REASONS FOR THE PLACING

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

Apart from the Placing, the Company has also considered other fund raising alternatives such as debt financing and discussions with potential lenders have been carried out. However, the Directors are of the view that issue of debt securities or obtaining bank borrowings may be subject to lengthy due diligence and negotiations with lenders and financial institutions and will further increase the gearing level of and financial interest expenses incurred by the Group.

The Company has not considered pre-emptive issues such as rights issue or open offer which exercise are relatively time consuming and costly. In addition to the approval of relevant authorities, pre-emptive issue would also involve, among other things, the preparation and the issue of a prospectus, a longer acceptance process by potential investors and the handling of application forms, and, for rights issue, the opening of nil-paid trading window. Added to the expenses involved in these processes is the underwriting commission, which is likely to be at a higher rate than the placing commission.

Having assessed the costs, benefits, and feasibility of such alternatives, the Directors are of the view that the Placing is the preferred means of fund raising.

Having considered various ways of fund raising, the Directors are of the view that the Placing is in the interest of the Company and its Shareholders as a whole to repay interest expenses. In addition, the Directors consider that the Warrants will strengthen the Group's financial position and liquidity as in the event the holders of the Warrants exercise the subscription rights attaching to their Warrants, further funds will be received by the Company to cater for the needs for its operations and developments.

The Directors consider that the terms of the Placing Agreement are fair and reasonable and the Placing is on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

USE OF PROCEEDS

It is expected that the maximum net proceeds from the Placing (after deducting the placing commission payable to the Placing Agent and other expenses incurred in the Placing and excluding any exercise of the subscription rights attached to the Warrants) will amount to approximately HK\$13.5 million (with a net issue price of approximately HK\$0.051 per Warrant). The Company intends to apply all of the net proceeds from the Placing for the payment of interest expenses due in July 2015.

Assuming the full exercise of the subscription rights attached to the Warrants, it is expected that a further amount of approximately HK\$180.2 million will be raised (with a net subscription price of approximately HK\$0.68 per Warrant Share). The Company intends to apply the net proceeds from the issue of the Warrant Shares to the existing property development project of the Group in Xiangtan, Hunan Province and/or other property development projects to be identified in the future, which are in line with the principal business of the Group. As at the Latest Practicable Date, the Directors expect that capital requirement for the property (residential and hotel) development project in Xiangtan, Hunan Province amount to approximately HK\$1,562 million.

The capital requirement for property development project in Xiangtan, Hunan Province is high, the Company has been exploring financing opportunities to raise capital. With the proceeds to be received from the issue of the Warrant Shares, the Company's burden in seeking other financing sources will be partly eased if the Warrants Shares are issued.

FUND RAISING EXERCISE OF THE COMPANY DURING THE PAST 12 MONTHS

Date of announcement	Event	Approximate net proceeds	Intended use of proceeds	Actual use of proceeds
10 December 2014	Issue of USD20 million guaranteed secured notes due 2018	Not more than USD19,179,000 (equivalent to approximately HK\$148,638,000)	For its residential property development projects and as general working capital	For its residential property and hotel development projects and as general working capital

Save as disclosed above, the Company has not undertaken any equity fund raising exercise in the 12 months immediately preceding the date of the Announcement.

In view of the capital demand of the Company's existing property development project in Xiangtan, Hunan Province and for the future growth of the business of the Group, the Company has been exploring other financing opportunities to raise further capital for its property development projects, and which may or may not materialize during the Subscription Period. Save as aforesaid, as at the Latest Practicable Date, the Directors are not aware of any contemplated acquisition(s), disposal(s), or other matter(s) that may have a material impact on the Company during the Subscription Period which makes it necessary for the Shareholders and the public to appraise the position for the Company.

LETTER FROM THE BOARD

EFFECT OF THE PLACING ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company had 1,498,822,691 Shares in issue. Following the issue and allotment of new shares on 4 June 2015 pursuant to the exercise of the subscription rights attached to part of the Existing Warrants, the total number of new shares which may be issued under the outstanding Existing Warrants are 7,207,404 Shares. The Company has adopted a share option scheme on 2 September 2013 and granted share options to certain Directors and employees of the Company to subscribe for a total of 77,812,266 Shares pursuant to such share option scheme on 5 November 2013. Save as disclosed herein, as at the date of the Latest Practicable Date, there were no other outstanding options, warrants, derivatives, or other securities which carried rights to subscribe for or convertible into Shares.

For illustration purpose only, set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the Placing and assuming the full exercise of the subscription rights attaching to the Warrants.

Shareholders	As at the date of the Latest Practicable Date		Immediately after the completion of the Placing and assuming the full exercise of the subscription rights attaching to the Warrants	
	No. of Shares	%	No. of Shares	%
Full Dragon Group Limited (Note 1)	938,309,250	62.60	938,309,250	53.20
Public				
Placees	–	–	265,000,000	15.02
Other public Shareholders	<u>560,513,441</u>	<u>37.40</u>	<u>560,513,441</u>	<u>31.78</u>
Total	<u>1,498,822,691</u>	<u>100.00</u>	<u>1,763,822,691</u>	<u>100.00</u>

Note:

1. The entire issued share capital of Full Dragon Group Limited is owned by Mr. Cheng Keung Fai. Full Dragon Group Limited has granted (i) a security interest over 58.39% of the total issued share capital of the Company and (ii) a call option to acquire not more than 10.0% of the total issued share capital of the Company, to a subsidiary of Central Huijin Investment Limited, details of which were disclosed in the announcement of the Company dated 4 May 2015.

ISSUE OF WARRANT 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.

LETTER FROM THE BOARD

The Company has issued Existing Warrants and as at the Latest Practicable Date, there are 7,207,404 outstanding Existing Warrants with conversion rights not yet exercised following the issue and allotment of new shares on 4 June 2015 pursuant to the exercise of subscription price attached to part of the Existing Warrants. The new Shares which will be issued upon full exercise of the outstanding Existing Warrants is 7,207,404 new Shares.

The new Shares which will be issued upon full exercise of the outstanding Existing Warrants and Warrants is 272,207,404 new Shares, which is less than 20% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, the issue of the Warrants is in compliance with Rule 15.02(1) of the Listing Rules.

SGM

The Company will convene the SGM at Room 4101, 41st Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong on Friday, 3 July 2015 at 3:00p.m. at which ordinary resolution will be proposed for the purpose of considering and, if thought fit, to approve, among other matters (if any), the Placing Agreement and the transactions contemplated thereunder, including the issue of the Warrants and the Specific Mandate for the allotment and issue of the Warrant Shares.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder had a material interest in the Subscription Agreements. Therefore, no Shareholder is required to abstain from voting on the resolution to be proposed at the SGM to approve the Subscription Agreements and the transactions contemplated thereunder.

A notice convening the SGM is set out on pages 18 to 19 of this circular. Whether or not you are able to attend, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment thereof should you so wish.

The ordinary resolution to approve the Placing Agreement and the transactions contemplated thereunder, including the issue of the Warrants and the Specific Mandate for the allotment and issue of the Warrant Shares at the SGM will be taken by poll and an announcement will be made by the Company after the SGM on the results of the SGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the opinion that the Placing and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, Accordingly, the Directors (including the independent non-executive Directors) recommend that all Shareholders should vote in favour of the resolution proposed at the SGM to approve the Placing Agreement and the transactions contemplated thereunder, including the issue of the Warrants and the Specific Mandate for the allotment and issue of the Warrant Shares.

Yours faithfully,
For and on behalf of the Board of
CHEUNG WO INTERNATIONAL HOLDINGS LIMITED
JIN LEI
Chairman

NOTICE OF THE SGM



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)

NOTICE IS HEREBY GIVEN that the special general meeting (the “**SGM**”) of Cheung Wo International Holdings Limited (the “**Company**”) will be held at Room 4101, 41/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong on Friday, 3 July 2015 at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendment, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the placing agreement (the “**Placing Agreement**”) dated 27 May 2015 entered into between the Company and GF Securities (Hong Kong) Brokerage Limited (the “**Placing Agent**”) in relation to the procuring of not less than six subscribers (the “**Placees**”) by the Placing Agent to subscribe for the warrants (the “**Warrants**”) at the issue price of HK\$0.057 per Warrant conferring the rights to subscribe for up to a maximum of 265,000,000 shares of the Company (the “**Warrant Shares**”) at the subscription price of HK\$0.68 per Warrant Share (subject to adjustment) on a best effort basis on the terms and subject to the conditions of the Placing Agreement (a copy of the Placing Agreement marked “A” has been produced to the Meeting and initialled by the chairman of the Meeting for the purpose of identification) be and is hereby approved, ratified and confirmed;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited approving the listing of, and granting permission to deal in the Warrant Shares, the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate (the “**Specific Mandate**”) to allot, issue, credited as fully paid, the Warrant Shares to the Placees pursuant to the Placing Agreement, provided that the Specific Mandate shall be in addition to and shall not prejudice nor revoke the general mandate granted to the Directors by the shareholders of the Company in the annual general meeting of the Company held on 11 June 2015 or such other general or specific mandate(s) which may from time to time be granted to the Directors prior to or after the passing of this resolution; and
- (c) all other transactions contemplated under the Placing Agreement be and are hereby approved and the Directors be and are authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions the Directors consider necessary, appropriate, desirable or expedient for

* For identification purpose only

NOTICE OF THE SGM

the purposes of giving effect to or in connection with the Placing Agreement, the issue of the Warrants, the allotment and issue of the Warrant Shares and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the Directors, in the interests of the Company and its shareholders as a whole.”

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

Hong Kong, 16 June 2015

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
Room 4101
41st Floor
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the SGM is enclosed herewith. Whether or not you intend to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish.
3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
4. In the case of joint holders of shares, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders are present at the SGM personally or by proxy, then one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
5. All the resolutions are to be voted by way of poll.

As at the date hereof, 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.