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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)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF A POSSIBLE ACQUISITION

The Board is pleased to announce that on 4 January 2016, the Company entered into a non-legally binding Memorandum with the Vendor in relation to the Possible Acquisition where the Company intends to acquire and the Vendor intends to sell approximately 7.04% of the entire equity interest in the Target Company.

The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into by the Vendor and the Company as at the date of this announcement. As such, the Possible Acquisition may or may not proceed.

In the event the Possible Acquisition materialises, it may constitute a notifiable transaction on the part of the Company under Chapter 14 of the Listing Rules.

Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement(s) in respect of the Possible Acquisition will be made by the Company in compliance with the Listing Rules as and when appropriate.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that on 4 January 2016, the Company entered into a non-legally binding Memorandum with the Vendor in relation to the Possible Acquisition.

* *For identification purpose only*

THE MEMORANDUM

Date: 4 January 2016

Parties:

- (1) the Company as the purchaser; and
- (2) 福建乾暉股權投資中心(有限合伙)(Fujian Qianhui Equity Investment Centre (Limited Partnership)*) as the Vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter

Pursuant to the Memorandum, the Company intends to acquire and the Vendor intends to sell approximately 7.04% of the entire equity interest in the Target Company.

Consideration

The consideration of the Possible Acquisition is expected to be approximately RMB22,528,000, which shall be subject to arm's length negotiations between the Company and the Vendor.

Formal SP Agreement

As soon as practicable after the signing of the Memorandum, the Company and the Vendor will negotiate in good faith the structure of the Possible Acquisition and detailed terms of a definitive Formal SP Agreement. The Company shall be entitled to nominate its wholly-owned subsidiary to enter into the Formal SP Agreement.

It is intended that the parties to enter into the Formal SP Agreement on or before 31 March 2016. The Formal SP Agreement will include, among others, the consideration and conditions precedent to the completion of the Formal SP Agreement.

The completion of the Formal SP Agreement is subject to, among others, the completion of the due diligence review over the Target Group as described below.

Due diligence

The Vendor shall procure that as soon as practicable after the signing of the Memorandum, the Company and its advisers and consultants will be given reasonable access to the books, records, properties and assets of the Target Group, for the purpose of conducting due diligence.

INFORMATION OF THE VENDOR AND THE TARGET COMPANY

As at the date of this announcement, the Vendor owns approximately 7.04% of the entire equity interest of the Target Company.

The Target Company engages in the provision of trading platforms of equity interests; the dealing, transfer, clearance and completion of equity interests of non-listed companies; the provision of equity interests custodian services for non-listed companies limited by shares, limited liability companies and share cooperation enterprises and the related transfer, lost reporting, inquiry, dividends distribution and pledge registration consultation services; the provision of consultation services to companies in relation to asset restructuring, acquisition, merger, auction, winding-up and listing application (excluding intermediary services); the provision of custodian services for creditor's rights, investment receipts and transitional equity interests; and the listing and transfer of private bonds services.

The Target Company was established in September 2008 pursuant to the PRC State Council's policy of "setting up a national market for transfer of equity interest for non-listed companies" in Tianjin Binhai New Area. The trading platform operated by the Target Company (i.e., the "**Tianjin Equity Exchange**") is one of the pioneer national over-the-counter markets for the trading of shares, private bonds and assets.

To the best of the Directors' knowledge and based on the publicly available information, as at 31 December 2015, the total market capitalization of the companies traded at the Tianjin Equity Exchange is more than RMB90 billion. For the two years ended 31 December 2013 and 2014, the Target Company's revenue were approximately RMB78.4 million and RMB76.2 million respectively; and its net profit after tax for the two years ended 31 December 2013 and 2014 were approximately RMB16.1 million and RMB17.9 million respectively.

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

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

As mentioned in the annual report of the Company for the year ended 31 December 2014, the Group will continue to strive for business growth and seize opportunities in order to bring the largest returns for the Shareholders.

The Company has been reviewing its business portfolio and actively exploring new business opportunities. The Directors believe that the Possible Acquisition is beneficial to the Company's further expansion into the financial industry and maximize the Company's return and improve its competitiveness during the cyclical adjustments of the global economy.

GENERAL

Save for clauses regarding confidentiality and costs and expenses of the Memorandum, the Memorandum does not constitute any legally-binding commitment to the Company in respect of the Possible Acquisition. The Possible Acquisition is subject to, among others, the execution and completion of the Formal SP Agreement. **The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into by the Vendor and the Company as at the date of this announcement. As such, the Possible Acquisition may or may not proceed.**

In the event the Possible Acquisition materialises, it may constitute a notifiable transaction on the part of the Company pursuant to Chapter 14 of the Listing Rules.

Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement(s) in respect of the Possible Acquisition will be made by the Company in compliance with the Listing Rules as and when appropriate.

DEFINITIONS

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

“Board”	the board of Directors;
“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 (stock code: 00009);
“Directors”	the director(s) of the Company;
“Formal SP Agreement”	the formal sale and purchase agreement which may or may not be entered into between the Vendor and the Company in relation to the Possible Acquisition;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons (as defined under the Listing Rules);

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Memorandum”	the non-legally binding memorandum of understanding dated 4 January 2016 and entered into between the Vendor and the Company setting out the preliminary understanding in relation to the Possible Acquisition;
“Possible Acquisition”	the possible acquisition by the Company from the Vendor of approximately 7.04% of the entire equity interest in the Target Company as contemplated under the Memorandum;
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	天津股權交易所有限公司 (Tianjin Equity Exchange Enterprise Limited*), a company incorporated in the PRC, in which approximately 7.04% of its entire equity interest is held by the Vendor;
“Target Group”	the Target Company and its subsidiaries; and
“Vendor”	福建乾暉股權投資中心(有限合伙)(Fujian Qianhui Equity Investment Centre (Limited Partnership)*), a limited partnership enterprise incorporated in the PRC, which owns approximately 7.04% of the entire equity interest of the Target Company.

By order of the Board
Cheung Wo International Holdings Limited
HUI WAI LEE, WILLY
Chairman

Hong Kong, 4 January 2016

As at the date of this announcement, the Board comprises eight Directors, of which the executive Directors are Mr. Hui Wai Lee, Willy (Chairman), Ms. Law Kee, Alice (Chief Executive Officer), Mr. Tai Yat Chung, Mr. Li Wenjun and Mr. Zhong Yingchang; and the independent non-executive Directors are Mr. Tsui Pui Hung, Mr. Tang Ping Sum and Mr. Chiu Sin Nang, Kenny.