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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 23 March 2016 (after trading hours), the Company entered into a non-legally binding Memorandum with the Vendor and the Target Company in relation to the Possible Acquisition, pursuant to which the Company intends to acquire and the Vendor intends to sell the issued shares of the Target Company held by the Vendor.

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.

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 23 March 2016 (after trading hours), the Company entered into a non-legally binding Memorandum with the Vendor and the Target Company in relation to the Possible Acquisition.

* *For identification purpose only*

THE MEMORANDUM

Date: 23 March 2016 (after trading hours)

Parties: (1) the Company as the purchaser;
(2) Skyroar Limited as the vendor; and
(3) Mirage Vision Limited.

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, as the legal and beneficial owner, the Sale Shares.

Consideration

Pursuant to the Memorandum, the consideration of the Possible Acquisition will be determined after arm's length negotiations between the Company and the Vendor.

Formal SP Agreement

As soon as practicable after signing 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 as the purchaser.

It is intended that the parties shall enter into the Formal SP Agreement on or before 30 June 2016. The Formal SP Agreement will include, among others, the consideration and conditions precedent to the completion of the Formal SP Agreement.

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 on the for the Possible Acquisition.

Conditions precedent to the completion of the Formal SP Agreement

Completion of the Formal SP Agreement is subject to, among others, the completion of the due diligence review over the Target Group.

INFORMATION OF THE VENDOR AND THE TARGET COMPANY

According to the Vendor, the Vendor holds the entire issued share capital of the Target Company, which in turn holds interest in the Yangzhou Company.

The Target Group, through the Yangzhou Company, engages in the development of real estate projects in Yangzhou City, Jiangsu Province, PRC.

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 disclosed in more details in the Company's announcement dated 16 December 2015, the Company has been actively exploring new business opportunities to diversify its future business development. The Board considers that the transaction as contemplated under the MOU, if materialised, will enable the Company to further invest in real estates and hotels with the focus on tourism and commercial properties. The Board believes that the Possible Acquisition presents an excellent opportunity for the Group to further expand and diversify its business portfolio.

GENERAL

Save for clauses regarding, among other things, confidentiality and costs and expenses of the Memorandum, the Memorandum does not constitute legally-binding commitment 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:

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| “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”); |
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules; |
| “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; |
| “Independent Third Party(ies)” | third party(ies) independent of and not connected with the Company and its connected persons; |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; |
| “Memorandum” | the non-legally binding memorandum of understanding dated 23 March 2016 and entered into among the Vendor, the Company and the Target Company setting out the preliminary understanding in relation to the Possible Acquisition; |
| “Possible Acquisition” | the possible acquisition by the Company from the Vendor of the Sale Shares as contemplated under the Memorandum; |
| “PRC” | The People’s Republic of China; |
| “Sale Shares” | the issued shares of the Target Company held by the Vendor; |
| “Shareholder(s)” | holder(s) of the shares of the Company; |

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| “Target Company” | Mirage Vision Limited, a company incorporated in the British Virgin Islands, of which the entire issued share capital is held by the Vendor; |
| “Target Group” | the Target Company and its subsidiaries; |
| “Vendor” | Skyroar Limited, a company incorporated in the British Virgin Islands, which owns the entire issued share capital of the Target Company; and |
| “Yangzhou Company” | a company incorporated in the PRC with limited liability which the Target Company holds interest therein. |

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

Hong Kong, 23 March 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.