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## CHUN WO DEVELOPMENT HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00711)**

### MEMORANDUM OF UNDERSTANDING IN RELATION TO A PROPOSED ACQUISITION

This announcement is made by Chun Wo Development Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

#### MEMORANDUM OF UNDERSTANDING

The board of directors (the “**Board**” or the “**Directors**”) of the Company announces that after trading hours on 3 June 2015, Leading Top Investments Limited (the “**Purchaser**”), a wholly-owned subsidiary of the Company, entered into a memorandum of understanding (the “**MOU**”) with China City Development Investment Limited (the “**Vendor**”) in relation to the proposed acquisition of all or part of (i) direct or indirect equity interest in; and/or (ii) assets of; and/or (iii) business of 中國城市建設控股集團有限公司 (China City Construction Holding Group Company\*) (the “**Target Company**”, and together with its subsidiaries, the “**Target Group**”) (the “**Proposed Acquisition**”).

Pursuant to the MOU, the Purchaser shall have a sole and exclusive right to conduct due diligence investigation on the Target Group and to negotiate with the Vendor on the Proposed Acquisition with a view to entering into a definitive and binding agreement in respect of the Proposed Acquisition during a period commencing on the date of the MOU and expiring on 31 December 2015 (or such other date as may be agreed in writing by the parties) (the “**Exclusivity Period**”). It is intended that the Vendor will undergo restructuring of the holding structure of the Target Group for the Proposed Acquisition.

#### REASONS FOR THE MOU

The Group is principally engaged in civil engineering, electrical and mechanical engineering, foundation and building construction work, property development, property investment, professional services (including provision of security and property management services) and other activities.

\* For identification purposes only

The Target Group is primarily engaged in, among other things, municipal construction, building construction, and construction of build-transfer/build-operate-transfer/public-private partnership projects in the People's Republic of China (the "PRC"), and is one of the leading urban development and construction enterprises in the PRC.

In view of the Target Group's leading market position in the PRC construction industry, the Target Group is regarded by the Board as a suitable strategic partner of the Group. This strategic relationship can benefit the Group's long term development, in particular, the further development of the Group's business, including municipal infrastructure construction business in the PRC, especially opportunities under the public-private partnership model. It also allows the Group to seize opportunities under the "One Belt, One Road" development strategy adopted by the PRC government. As at the date of the MOU, the Target Group is interested in approximately 9.19% equity interest of the Company and certain convertible bonds of the Company. The Exclusivity Period provided in the MOU allows the Group to have sufficient time to further explore terms of the Proposed Acquisition with the Vendor. If the Proposed Acquisition materialises, it can further strengthen the strategic relationship between the Group and the Target Group. On this basis, the Directors consider that the entering into of the MOU is in the interests of the Company and its shareholders as a whole.

## **GENERAL**

**The MOU may or may not lead to the entering into of definitive and binding agreement for the Proposed Acquisition. Since the Proposed Acquisition may or may not materialise or eventually be consummated, shareholders and potential investors of the Company are urged to exercise extreme caution when dealing in the shares and/or other securities of the Company.**

Should the Proposed Acquisition materialise, it may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement will be made by the Company as and when appropriate in accordance with the Listing Rules.

By Order of the Board  
**CHUN WO DEVELOPMENT HOLDINGS LIMITED**  
**Xu Jianhua**                      **Pang Yat Ting, Dominic**  
*Co-Chairman*                      *Co-Chairman*

Hong Kong, 3 June 2015

*As at the date of this announcement, the executive directors of the Company are Mr. Xu Jianhua, Mr. Pang Yat Bond, Derrick and Mr. Kwok Yuk Chiu, Clement, the non-executive directors of the Company are Mr. Pang Yat Ting, Dominic, Mr. Zhang Xiaoliang and Mr. Chow Wing Kin, Anthony SBS, JP, and the independent non-executive directors of the Company are Mr. Chan Stephen Yin Wai, Mr. Kwan Ringo Cheukkai and Mr. Wu William Wai Leung.*