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CHUN WO DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00711)

DISCLOSEABLE TRANSACTION

DISPOSAL OF 100% INTEREST IN PROFIT CITY INTERNATIONAL LIMITED AND RESUMPTION OF TRADING

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules 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).

THE DISPOSAL

The Board announces that on 13 January 2015, the Vendor, a wholly-owned subsidiary of the Company, entered into the Disposal Agreement, pursuant to which the Vendor has conditionally agreed to sell or procure the sale to the Purchasers, and the Purchasers have conditionally agreed to purchase, the Sale Shares and the Shareholder's Loan for a total consideration of HK\$230,000,000.

The Target holds 20% of the issued share capital of each of Hoi Wing and Keng Fong Lei, which in turn hold the Macau Properties.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and therefore the Company is subject to the reporting and announcement requirements thereunder.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 14 January 2015 at the request of the Company pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 16 January 2015.

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules 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).

THE DISPOSAL AGREEMENT

The Board announces that on 13 January 2015, the Vendor, a wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the Purchasers. Set out below are the principal terms of the Disposal Agreement:

Date : 13 January 2015

Parties

The Vendor : Wisdom Year Investments Limited, a wholly-owned subsidiary of the Company

The Purchasers : Mr. Choy, Wang Kong and Mr. Lam, In Wai

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchasers are third parties independent of the Company and its connected persons and are not Shareholders of the Company.

Subject Matter of the Disposal

Pursuant to the Disposal Agreement, the Vendor has conditionally agreed to sell or procure the sale to the Purchasers, and the Purchasers have conditionally agreed to purchase, the Sale Shares and the Shareholder's Loan. 65% of the Sale Shares will be sold to Mr. Choy, Wang Kong, and 35% of the Sale Shares will be sold to Mr. Lam, In Wai.

Upon completion of the Disposal, the Company will cease to hold any shares in the Target.

The Target's only assets are (a) 20% of the issued share capital of Hoi Wing and (b) 20% of the issued share capital of Keng Fong Lei.

Hoi Wing is the registered owner of a piece of land located at Lot No. TN11, Taipa, Macau ("Macau Property A"). According to the town planning document issued by the Macau Government, the use of this piece of land is non-industrial.

Keng Fong Lei is the registered owner of a piece of land located at Lot No. TN15b, Taipa, Macau ("Macau Property B"). According to the town planning document issued by the Macau Government, the use of this piece of land is non-industrial.

The Consideration

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The total consideration for the Disposal is HK\$230,000,000, which comprises:

- (i) the consideration for the Shareholder's Loan of HK\$27,635,175; and
- (ii) the consideration for the Sale Shares of HK\$202,364,825.

The total consideration for the Disposal is payable by the Purchasers in the following manner:

- (A) HK\$20,000,000, being deposit pending Completion and in part payment of the total consideration upon Completion, has been paid by the Purchasers upon the signing of the Disposal Agreement; and
- (B) HK\$210,000,000, being the balance of the total consideration for the Disposal, shall be payable by the Purchasers to the Vendor on the Completion Date.

The Vendor shall refund the full amount of the deposit (without interest) to the Purchasers within 10 Business Days if the Conditions have not been fulfilled before the Long Stop Date, or if the Disposal Agreement is terminated as stipulated under the relevant provisions of the Disposal Agreement.

The deposit and the balance of the total consideration for the Disposal shall be settled by the Purchasers by cashier orders or payment via wire transfer in immediately available funds to a bank account designated by the Vendor or other manner of payment mutually agreed between the Vendor and the Purchasers.

Basis of Determination of Consideration

The total consideration for the Disposal was agreed between the Vendor and the Purchasers after arm's length negotiations on normal commercial terms with reference to, among others, (i) the total assets of the Target as at 30 September 2014 of HK\$27,530,000; (ii) the aggregate net asset value of Hoi Wing and Keng Fong Lei as at 30 September 2014 of HK\$60,864,728; (iii) the fair value of the Macau Properties of about HK\$1,062,000,000 according to an independent valuation performed by Savills (Macau) Limited; and (iv) the amount of the Shareholder's Loan.

The Directors consider that the total consideration for the Disposal is fair and reasonable.

Conditions to the Completion of the Disposal Agreement

Completion of the Disposal is conditional upon the following Conditions:

- (a) The Purchasers having acquired on or before the Completion Date the direct or indirect interest in the remaining 80% shareholding in Hoi Wing and Keng Fong Lei;
- (b) (if required) all necessary consents and approvals required for the Disposal of the Sale Shares and the Shareholder's Loan having been obtained; and

- (c) as long as the Takeovers Code applies to the Company, the Company having obtained the SFC's waiver of the Disposal Agreement from compliance with the Shareholders' approval requirement pursuant to the Takeovers Code (including but not limited to Rule 4 thereof) or having obtained the required Shareholders' approval pursuant to the Takeovers Code (including but not limited to Rule 4 thereof).

In the event that any of the Conditions have not been fulfilled on or before the Long Stop Date, the Vendor will not be bound to proceed with the Disposal.

Completion

Completion will take place at the office of the Vendor's solicitors at 4:00 p.m. on the Completion Date or at other place and time as may be agreed between the Vendor and the Purchasers.

Termination

If the Vendor and the Purchasers fail to complete the Disposal on the 2nd Business Day after the fulfillment of the Conditions (or any other date as agreed between the Vendor and the Purchasers) for whatever reason, any party to the Disposal Agreement may terminate the Disposal Agreement by notice in writing to the other parties. If the Vendor is the defaulting party, it shall refund the full amount of the deposit (without interest) to the Purchasers within 10 Business Days of the termination. If the Purchasers are the defaulting parties, the Vendor is entitled to forfeit the deposit and shall not be required to return the deposit to the Purchasers.

FINANCIAL EFFECT OF THE DISPOSAL

After taking into account the total consideration for the Disposal, net carrying amount of the assets and liabilities of the Target as at the date of the Disposal Agreement, the related transaction costs and taxes, it is estimated that a gain of approximately HK\$198,000,000 will be recorded. The business of the Group will remain the same after the Completion, and the Directors do not anticipate that the Completion of the Disposal will have a significant effect on the business and performance of the Group.

REASONS FOR THE DISPOSAL

The Group is principally engaged in property development and property investment, among other activities. This opportunity to dispose of the Company's minority interest in the Macau Properties came from the largest shareholder in the Macau Properties who identified the Purchasers as being interested in purchasing the Macau Properties by acquiring the entire issued capital of Hoi Wing and Keng Fong Lei. As far as the Company is aware, the Purchasers have also entered into similar agreements for the acquisition of the direct or indirect interest in the remaining 80% shareholding in Hoi Wing and Keng Fong Lei, and it is currently expected that all the other shareholders of Hoi Wing and Keng Fong Lei will be selling their interests (80%) in the two companies to the same Purchasers at about the same time.

The net proceeds from the Disposal will be used by the Group for general working capital purpose. Based on the assessment set out in the paragraph headed “Financial Effect of the Disposal” above, the Company considers that the Disposal provides a good opportunity for the Group to realize its minority interest in the Macau Properties and increase the cash flow and general working capital for the Group.

In view of the above, the Directors consider that the terms and conditions of the Disposal Agreement are on normal commercial terms, and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE TARGET AND THE MACAU PROPERTIES

The Target

The Target is an investment holding company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company. The Target’s only assets are (a) 20% of the issued share capital of Hoi Wing and (b) 20% of the issued share capital of Keng Fong Lei. Hoi Wing and Keng Fong Lei are recognized by the Company as associated companies.

The Macau Properties

The Macau Properties comprise (i) a piece of land situated at Cheong-Sá S/N, Taipa, Macau (TN11) with a site area of approximately 1,974 square meters for non-industrial use; and (ii) a piece of land situated at Cheok Ká Chun, Taipa, Macau (TN15b) with a site area of approximately 989 square meters for non-industrial use. As at the date hereof, the Macau Property (TN15b) has not been registered with the relevant authority in Macau.

Financial Information on the Target, Hoi Wing and Keng Fong Lei

Based on the unaudited management accounts of the Target, the Target had a net liabilities value of HK\$105,948 as at 30 September 2014 and recorded no income or profit/loss for the period from 1 April 2014 to 30 September 2014.

Based on the unaudited management accounts of Hoi Wing and Keng Fong Lei, Hoi Wing and Keng Fong Lei had an aggregate net asset value of HK\$60,864,728 as at 30 September 2014 and recorded total income of HK\$358,000 and total profits of HK\$115,604 for the period from 1 April 2014 to 30 September 2014.

INFORMATION ON THE GROUP AND THE PURCHASERS

The Group

The Company is a company incorporated in Bermuda with limited liability and its Shares are listed and traded on the Main Board of the Stock Exchange. 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.

The Purchasers

Both of the Purchasers are permanent residents of Macau. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchasers are third parties independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and therefore the Company is subject to the reporting and announcement requirements thereunder.

GENERAL

If any of the Conditions is not fulfilled pursuant to the Disposal Agreement, the Disposal may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any other securities of the Company.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 14 January 2015 at the request of the Company pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 16 January 2015.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day on which licensed banks in Hong Kong are open for business (excluding Saturdays, Sundays and public holidays)
“Company”	Chun Wo Development Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 00711)
“Completion”	the completion of the Disposal
“Completion Date”	the 2nd Business Day after the fulfillment of the Conditions and before the Long Stop Date (or such later date as the Vendor and the Purchasers may mutually agree)
“Conditions”	the conditions of Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares and the Shareholder’s Loan to the Purchasers pursuant to the Disposal Agreement
“Disposal Agreement”	the conditional agreement dated 13 January 2015 entered into between the Vendor and the Purchasers in relation to the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hoi Wing”	Hoi Wing Construction Development Company Limited, a company incorporated in Macau which is owned as to 20% by the Target and 80% by three independent third parties
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Keng Fong Lei”	Keng Fong Lei Investment Limited, a company incorporated in Macau which is owned as to 20% by the Target and 80% by two independent third parties
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	4:00 p.m. on 31 May 2015 (or such later date as the Vendor and the Purchasers may mutually agree)
“Macau”	The Macau Special Administrative Region of the PRC
“Macau Government”	The Government of Macau
“Macau Properties”	Macau Property A and Macau Property B
“Macau Property A”	has the meaning given to it in the paragraph headed “THE DISPOSAL AGREEMENT — Subject Matter of the Disposal” of this announcement
“Macau Property B”	has the meaning given to it in the paragraph headed “THE DISPOSAL AGREEMENT — Subject Matter of the Disposal” of this announcement
“PRC”	The People’s Republic of China
“Purchasers”	Mr. Choy, Wang Kong and Mr. Lam, In Wai
“Sale Shares”	100 fully paid-up ordinary shares of par value US\$1.00 per share of the Target, representing 100% of the entire issued share capital of the Target as at the date hereof

“SFC”	the Securities and Futures Commission of Hong Kong
“Shareholders”	holders of shares of the Company
“Shareholder’s Loan”	the aggregate amount of the loans owing by the Target to the Company and Chun Wo Property Development Limited (a subsidiary of the Company) at the time of Completion, which is HK\$27,635,175 as at the date of the Disposal Agreement
“Share(s)”	the ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target”	Profit City International Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Vendor”	Wisdom Year Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“%”	per cent

By Order of the Board
Xu Jianhua Pang Yat Ting, Dominic
Co-Chairman Co-Chairman

Hong Kong, 15 January 2015

As at the date of this announcement, the executive directors of the Company are Mr. Xu Jianhua, Mr. Pang Yat Bond, Derrick, Mr. Kwok Yuk Chiu, Clement and Madam Li Wai Hang, Christina, the non-executive director of the Company is Mr. Pang Yat Ting, Dominic, and the independent non-executive directors of the Company are Mr. Au Son Yiu, Mr. Chan Chiu Ying, Alec, Mr. Hui Chiu Chung, Stephen JP and Mr. Lee Shing See GBS, OBE, JP.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement contained in this announcement misleading.

In the event of inconsistency, the English text of this announcement shall prevail over the Chinese text thereof.