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CHUN WO DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00711)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF EQUITY INTEREST IN A PROPERTY DEVELOPMENT COMPANY IN PRC AND ISSUE OF SUBSCRIPTION SHARES AND CONVERTIBLE BONDS UNDER GENERAL MANDATE

THE ACQUISITION

On 13 March 2015, after trading hours, the Purchaser, being an indirect wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, 90% equity interest in the Target Company at a total consideration of RMB315,000,000.

As at the date of this announcement, the Vendor directly holds 100% equity interest in the Target Company. Upon the Acquisition Completion, the Target Company will become an indirect non-wholly owned subsidiary of the Company, and the financial results, assets and liabilities of the Target Company will be consolidated into the financial statements of the Group.

The principal asset of the Target Company is the Target Land, which is located at Southern side of Haizhou Road, Eastern side of Jiuzhou Avenue East, Jida, Xiangzhou District, Zhuhai City, Guangdong Province, PRC (中國廣東省珠海市香洲區吉大九洲大道東側、海洲路南側). The Target Land has a total site area of approximately 9,999 sq.m. and shall be developed into a commercial building with an expected total gross floor area of approximately 101,136 sq.m..

The projects on the Target Land include property development comprising commercial units, office units and car parking spaces.

LISTING RULES IMPLICATIONS OF THE ACQUISITION

As more than one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition are greater than 5% and all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

THE SUBSCRIPTION

On 13 March 2015, after trading hours, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to (i) allot and issue 130,000,000 Subscription Shares at the Subscription Price of HK\$1.427 per Subscription Share; and (ii) issue the Convertible Bonds in the principal amount of HK\$94,924,500, which entitle the holder(s) thereof to subscribe for 60,500,000 Shares at the initial Conversion Price of HK\$1.569 per Conversion Share (subject to adjustments). The Company will allot and issue the Subscription Shares and the Conversion Shares pursuant to the Subscription Agreement under the General Mandate.

Assuming that the Convertible Bonds are converted in full, the Subscription Shares and the Conversion Shares to be issued under the Subscription represent (i) approximately 10.89% and 5.07% respectively and in aggregate approximately 15.96% of the existing issued share capital of the Company as at the date of this announcement; and (ii) in aggregate approximately 13.76% of the issued share capital of the Company as enlarged by the issuance of the Subscription Shares and the Conversion Shares.

Assuming none of the Convertible Bonds is converted, the Subscription Shares to be issued under the Subscription represents approximately 9.82% issued share capital of the Company as enlarged by the issuance of the Subscription Shares.

The gross proceeds and net proceeds of the Subscription amount to approximately HK\$280.4 million and HK\$280.2 million respectively. The entire net proceeds will be used for partial payment of the Consideration for the Acquisition. The Subscription and the Acquisition are not inter-conditional. In the event that Acquisition Completion does not take place, the net proceeds from the Subscription will be used as general working capital of the Group. The net price per Subscription Share and the Conversion Share under the Convertible Bonds to be issued is approximately HK\$1.426 and HK\$1.568 respectively.

The Company will apply to the Listing Committee for the listing of and permission to deal in the Subscription Shares and the Conversion Shares. No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges.

Shareholders and potential investors should note that the Acquisition Completion and Subscription Completion are subject to the respective Conditions Precedent and Subscription Conditions to be fulfilled and/or waived (as the case may be) and therefore, may or may not be taken place. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares and other securities of the Company.

THE ACQUISITION

On 13 March 2015, after trading hours, the Purchaser, being an indirect wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, 90% equity interest in the Target Company at a total consideration of RMB315,000,000. Details of the Share Transfer Agreement are set out below.

Share Transfer Agreement

Date

13 March 2015

Parties

- (i) the Purchaser, being an indirect wholly-owned subsidiary of the Company; and
- (ii) the Vendor.

As at the date of this announcement, the Vendor directly holds 100% equity interest in the Target Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Assets to be acquired

Pursuant to the Share Transfer Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell, 90% equity interest in the Target Company.

The principal asset of the Target Company is the Target Land, which is located at Southern side of Haizhou Road, Eastern side of Jiuzhou Avenue East, Jida, Xiangzhou District, Zhuhai City, Guangdong Province, PRC (中國廣東省珠海市香洲區吉大九洲大道東側、海洲路南側). The Target Land has a total site area of approximately 9,999 sq.m. and shall be developed into a commercial building with an expected total gross floor area of approximately 101,136 sq.m..

The projects on the Target Land include property development comprising commercial units, office units and car parking spaces, among which, as at the date of this announcement, the Property is under construction and is scheduled to be completed in the first half of 2016.

Pursuant to a compensation agreement entered into between the Target Company and Zhuhai Lianji dated 26 December 2011, the Target Company will transfer a portion of area of the Property equivalent to a value of RMB10,240,000 to Zhuhai Lianji upon completion of the Property as compensation for including a property of Zhuhai Lianji in the development of Property. Zhuhai Lianji can select the location of the portion of area in the Property for compensation. The sale price of the compensation portion will be calculated by 90% of the actual sales price of that portion of the Property.

Consideration

The Consideration is RMB315,000,000 which will be settled in the following manners:

- (i) as to RMB225,000,000 (or equivalent) payable by the Purchaser to the Vendor or its nominee within 5 PRC Business Days after the Purchaser received the payment request on Consideration from the Vendor and all the Conditions Precedent have been fulfilled or waived (as the case may be); and
- (ii) as to RMB90,000,000 (or equivalent) payable by the Purchaser to the Vendor or its nominee within 3 months after the Purchaser received the payment request on Consideration from the Vendor and the Acquisition Completion has taken place in accordance with the Share Transfer Agreement.

An amount of RMB225,000,000 (or equivalent) shall be deposited by the Purchaser in a jointly-controlled bank account agreed by the Purchaser and the Vendor within one month after the date of the Share Transfer Agreement as a security for payment of Consideration and will be released to the Vendor upon payment of Consideration. The deposited amount is refundable to the Purchaser if the Share Transfer Agreement is terminated for any reasons.

The Consideration has been agreed after arm's length negotiations between the Purchaser and the Vendor, and determined with reference to, among other things, (i) the unaudited net asset value of the Target Company of approximately RMB187.3 million as at 31 December 2014; (ii) the independent property valuation in the amount of RMB380 million as at 31 January 2015; and (iii) the potential tax liabilities including land appreciation tax and corporate income tax.

Part of the Consideration is expected to be financed by the net proceeds from the Subscription, and the remaining will be financed by bank borrowings and/or internal resources of the Group.

Conditions Precedent to the Share Transfer Agreement

Completion of the Acquisition under the Share Transfer Agreement is conditional upon fulfillment or waiver (where applicable) of the following Conditions Precedent:

- (i) all parties to the Share Transfer Agreement having obtained all necessary authorizations and approvals which are required for the Share Transfer Agreement, the Acquisition and other transaction documents (where applicable) (including directors resolutions of the Purchaser and its holding company(ies); and approval of the relevant government authorities, including the local counterparts of the Ministry of Commerce);
- (ii) the Purchaser being satisfied with the results of the due diligence review on, among others, the financial and legal aspects of the Target Company and having notified the Vendor of satisfaction of the due diligence review, and such notification will not prejudice any claims for the breach of warranties or covenants from the Vendor;
- (iii) the Vendor having delivered the relevant certificate, financial document and registration record of the Target Company and registration record of the Target Land to the Purchaser;

- (iv) the transaction documents (where applicable) having been properly authorized, signed and delivered by the relevant parties thereto and remain in legal force;
- (v) there has been no material adverse change or force majeure events that will render the completion of the Acquisition impossible between the date of Share Transfer Agreement and Acquisition Completion;
- (vi) the Vendor has not violated any conditions under the Share Transfer Agreement and other transaction documents (if any) between the date of Share Transfer Agreement and Acquisition Completion;
- (vii) the warranties and representations given by the Vendor under the Share Transfer Agreement having remained true, accurate, complete and not misleading between the date of Share Transfer Agreement and Acquisition Completion;
- (viii) the Purchaser having received the filing record in relation to the Acquisition from relevant government authorities;
- (ix) the personnel designated by the Purchaser has been registered as the legal representative(s) and director(s) of the Target Company; and
- (x) the government license held by the Target Company for the purpose of the Target Land development has been renewed.

The Purchaser may waive, in whole or in part, conditionally or unconditionally, conditions (except the conditions set out in (i), (iv), (vii), (viii) and (x) above) set out above by written notice to the Vendor.

If the Conditions Precedent are not fulfilled or waived within four months from the date of the Share Transfer Agreement (or such later date as the Purchaser may agree), the Purchaser has the right to terminate the Share Transfer Agreement and shall not have any obligations and liabilities towards the Vendor.

Acquisition Completion

The Acquisition Completion shall take place within 5 PRC Business Days after the Purchaser received the payment request on Consideration from the Vendor and the fulfillment and/or waiver (as the case may be) of all the Conditions Precedent.

Upon the Acquisition Completion, the Target Company will become an indirect non-wholly owned subsidiary of the Company, and the financial results, assets and liabilities of the Target Company will be consolidated into the financial statements of the Group.

INFORMATION ON THE GROUP AND THE PURCHASER

The Company is a company incorporated in Bermuda with limited liability, whose Shares are listed on the Main Board of the Stock Exchange. The principal activity of the Company is investment holding and its subsidiaries are principally engaged in civil engineering, electrical and mechanical engineering, foundation and building construction work, property development, property investment and professional services (including provision of security and property management services) and other activities.

The Purchaser is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. Its principal business is property development.

INFORMATION ON THE TARGET COMPANY AND THE VENDOR

The Target Company is a property development company incorporated in PRC whose main asset is the Target Land and engages in the development of the Target Land.

The Vendor is a company incorporated in PRC and is 25% owned by China City Construction Group as the single largest shareholder. The principal activities of the Vendor include property development, investment management and asset management.

Financial information on the Target Company

According to the unaudited management accounts of the Target Company (which were prepared in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants), the unaudited net asset value of the Target Company as of 31 December 2014 was approximately RMB187,309,000.

The unaudited net loss before and after taxation and extraordinary items of the Target Company for each of the two years ended 31 December 2013 and 2014 are set out below:

| | For the year ended 31 December | |
|--|---|-------------|
| | 2013 | 2014 |
| | <i>RMB</i> | <i>RMB</i> |
| Net loss before taxation and extraordinary items | 1,777,000 | 191,000 |
| Net loss after taxation and extraordinary items | 1,777,000 | 191,000 |

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Land is located in Zhuhai City, Guangdong Province, PRC in close proximity to the 珠海九洲港碼頭 (Zhuhai Jiuzhou Harbour Terminal*). In view of the location of the Target Land, as well as the economic development and prospects of Guangdong Province, the Board considers that the investment in the Target Company is of good potential and represents an opportunity for the Group to expand its property development business in Southern China of PRC which is in line with the Group's development strategies.

The Target Company recorded unaudited net loss of approximately RMB1,777,000 and RMB191,000 after taxation and extraordinary items for the two years ended 31 December 2013 and 2014 respectively. The Target Company has been loss-making as the property development project on the Target Land is currently under construction. The construction of the property on the Target Land is scheduled to be completed in first half of 2016. It is expected that the property development project will generate cashflow and revenue to the Group. After the Acquisition Completion, the financial results of the Target Company will be consolidated into the Group's financial statements. Accordingly, the Board considers that the Acquisition can help to enhance and enlarge the property development portfolio of the Group and bring additional revenue to the Group.

Having considered the terms of the Share Transfer Agreement, the independent property valuation on the Target Land and property being developed, the future development prospects of the Target Company, as well as the expansion of the Company's existing property development businesses, the Board considers that the Share Transfer Agreement has been made on normal commercial terms and that its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS OF THE ACQUISITION

As more than one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition are greater than 5% and all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

THE SUBSCRIPTION

The Subscription Agreement

On 13 March 2015, after trading hours, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to (i) allot and issue 130,000,000 Subscription Shares at the Subscription Price of HK\$1.427 per Subscription Share; and (ii) issue the Convertible Bonds in the principal amount of HK\$94,924,500, which entitle the holder(s) thereof to subscribe for 60,500,000 Shares at the initial Conversion Price of HK\$1.569 per Conversion Share (subject to adjustments).

The Subscription Shares and Conversion Shares will be allotted and issued pursuant to the General Mandate, under which the Directors are allowed to allot and issue up to 218,384,075 Shares. As at the date of this announcement, no Share has been allotted and issued under the General Mandate. As such, no Shareholders' approval is necessary for the issue of the Subscription Shares and Conversion Shares. The Subscription Shares and Conversion Shares allotted and issued upon full exercise of the conversion rights attaching to the Convertible Bonds, will utilise about 87.23% of the General Mandate.

The Company will apply to the Listing Committee for the listing of and permission to deal in the Subscription Shares and the Conversion Shares. No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges.

Subscription Shares

The Subscription Shares will be subscribed for by the Subscriber at the Subscription Price of HK\$1.427 per Subscription Share. The Subscription Price represents:

- (i) a premium of approximately 2.66% over the closing price of HK\$1.39 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 4.93% over the average of the closing prices per Share of HK\$1.36 for the last five Trading Days up to and including the Last Trading Day; and
- (iii) a premium of approximately 1.78% over the average of the closing prices per Share of HK\$1.402 for the last ten Trading Days up to and including the Last Trading Day.

Convertible Bonds

The principal terms of the Convertible Bonds are summarised as below:

Principal amount: HK\$94,924,500

Maturity date: The third anniversary of the date of issue of the Convertible Bonds.

Interest: The Convertible Bonds will not bear any interest.

Conversion rights: The bondholder will have the right, during the period commencing from the date of issue of the Convertible Bonds up to the close of business in Hong Kong on the day falling fourteen (14) days prior to the maturity date to convert the whole or part of the principal amount of the Convertible Bonds into the Conversion Shares at the Conversion Price (subject to adjustments).

No exercise of conversion rights attaching to the Convertible Bonds shall be allowed if (i) immediately following the conversion, the Company will be unable to meet the public float requirement under the Listing Rules; or (ii) the bondholder and parties acting in concert (as defined in the Takeovers Code) with it immediately following the conversion shall be required to make a general offer under Rule 26 of the Takeovers Code (unless waiver from making a general offer has been obtained from the SFC).

The Company shall, within the conversion period, satisfy such conversion right by delivery of the maximum number of Shares permitted to be allotted or issued by the Company under the general mandate granted to the Directors at the annual general meeting of the Company and either to (i) make payment in cash to such bondholder of an amount equivalent to the shortfall between the value (calculated with reference to the volume-weighted average market price of the Shares for the five consecutive trading days immediately preceding the date of the conversion notice given by the relevant bondholder) of (aa) the number of Shares required to be delivered by the Company to satisfy the conversion right and (bb) the maximum number of Shares permitted to be allotted or issued under the general mandate; or (ii) convene a general meeting as soon as practicable to obtain the necessary approval from Shareholders to issue the shortfall Shares.

The Conversion Shares shall rank pari passu with all other Shares in issue as at the relevant registration date and be entitled to all dividends and other distributions paid or made on the Shares on or after the record date which falls on a date on or after the relevant registration date.

Conversion Price: The Conversion Price shall be HK\$1.569 per Conversion Share, subject to adjustment provisions as summarised below.

Anti-dilution adjustments: The Conversion Price will from time to time be adjusted upon the occurrence of certain events, including the following:

- (a) stock split, consolidated or re-classification of the Shares;
- (b) capital distribution to holders of Shares;
- (c) issue of Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, of options, warrants or other rights to subscribe for or purchase any Shares, in each case at a price per Share which is less than 90% of the Current Market Price per Share on the last Trading Day preceding the date of the announcement of the terms of the issue or grant;

- (d) issue of any securities (other than Shares or options and any securities convertible or exchangeable into Shares, warrants or other rights to subscribe or purchase Shares) to all or substantially all Shareholders as a class by way of rights or issue or grant to all or substantially all Shareholders as a class by way of rights, of options, warrants or other rights to subscribe for or purchase any securities (other than Shares or options and any securities convertible or exchangeable into Shares, warrants or other rights to subscribe or purchase Shares);
- (e) issue of any Shares, whether for cash or non-cash consideration (other than Shares issued on the exercise of conversion rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or issue or grant of options, warrants or other rights to subscribe or purchase Shares or securities convertible or exchangeable into Shares, in each case at a price per Share which is less than 90% of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue; and
- (f) issue by the Company or any other person or entity of any securities (other than the Convertible Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares issued or to be issued by the Company on conversion exchange or subscription at a consideration per Share which is less than 90% of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of issue of such securities.

Voting: The bondholder will not be entitled to attend or vote at any meetings of the Company by reason only of it being the bondholder.

Transferability: No Convertible Bond may be transferred to any person who is a connected person (as defined under the Listing Rules) of the Company unless with: (i) full compliance with the Listing Rules; (ii) full compliance with the requirements (if any) that the Stock Exchange may impose from time to time; and (iii) the consent (if applicable) of the Stock Exchange.

Assuming that the Convertible Bonds are converted in full, the Subscription Shares and the Conversion Shares to be issued under the Subscription represent (i) approximately 10.89% and 5.07% respectively and in aggregate approximately 15.96% of the existing issued share capital of the Company as at the date of this announcement; and (ii) in aggregate approximately 13.76% of the issued share capital of the Company as enlarged by the issuance of the Subscription Shares and the Conversion Shares.

Assuming none of the Convertible Bonds is converted, the Subscription Shares to be issued under the Subscription represents approximately 9.82% issued share capital of the Company as enlarged by the issuance of the Subscription Shares.

Both of the Subscription Price of HK\$1.427 per Subscription Share and the Conversion Price of HK\$1.569 per Conversion Share were arrived at after arm's length negotiation between the Company and the Subscriber with reference to the prevailing market prices of the Shares and financial and trading prospects of the Group. The Conversion Price represents:

- (i) a premium of approximately 12.88% over the closing price of HK\$1.39 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 15.37% over the average of the closing prices per Share of HK\$1.36 for the last five Trading Days up to and including the Last Trading Day; and
- (iii) a premium of approximately 11.91% over the average of the closing prices per Share of HK\$1.402 for the last ten Trading Days up to and including the Last Trading Day.

Conditions precedent to the Subscription Agreement

Subscription Completion is conditional upon, among others:

- (i) the Shares remaining listed and traded on the Main Board of the Stock Exchange, and no notification or indication being received from the Stock Exchange or the SFC prior to Subscription Completion that the listing of the Shares on the Stock Exchange will or may be withdrawn or suspended for more than thirty (30) consecutive Hong Kong Business Days;
- (ii) the passing by the Shareholders or independent Shareholders (as the case may be) (as required under the Listing Rules and/or the Takeovers Code) at special general meeting of the Company all resolutions required under the relevant laws and regulations to effect, among others, the Subscription Agreement, the issue of the Subscription Shares, the Convertible Bonds and the Conversion Shares and the transactions contemplated thereunder;
- (iii) the granting of approval by the Stock Exchange for the listing of, and the permission to deal in, the Subscription Shares and the Conversion Shares and such approval not having been revoked;
- (iv) the obtaining of all necessary approvals from the Bermuda Monetary Authority for the allotment and issue of the Subscription Shares and the Conversion Shares (if required);
- (v) all necessary approvals and consents by government and regulatory authorities (including but not limited to the Stock Exchange) in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained;

- (vi) in relation to the transactions contemplated in the Subscription Agreement, all relevant regulatory requirements (including but not limited to those under the Listing Rules and all relevant regulatory requirements in Hong Kong) having been complied with and satisfied;
- (vii) execution of the instrument constituting the Convertible Bonds;
- (viii) no material adverse change or prospective material adverse change in the Group's business, operations, financial conditions or prospects has occurred since the date of the Subscription Agreement; and
- (ix) the Company's warranties and the Subscriber's warranties under the Subscription Agreement having remained true and accurate in all material respects.

The Subscriber may at any time waive in writing any of the Subscription Conditions set out in paragraphs (i), (viii) and (ix) (in respect of the Company's warranties) above subject to such terms and conditions as it may determine. The Company may at any time waive in writing the Subscription Condition set out in paragraph (ix) (in respect of the Subscriber's warranties) and such waiver may be made subject to such terms and conditions as it may determine. Save for the Subscription Conditions set out in paragraphs (i), (viii) and (ix) above, all other Subscription Conditions may not be waived.

The Company and the Subscriber shall use their respective best endeavours to procure the fulfillment of the Subscription Conditions (so far as it is within its power and practicable to do so) as soon as practicable and in any event before the Subscription Long Stop Date.

If the Subscription Conditions have not been fulfilled or waived by the Subscriber or the Company (as the case may be) on or before 12:00 noon on the Subscription Long Stop Date (or such later date as the Company and the Subscriber may agree), the Subscription Agreement shall lapse, whereupon all rights and obligations of the parties thereto shall cease to have effect except in respect of any accrued rights and obligations of the parties thereto.

Shareholding structure of the Company

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon the Subscription Completion (assuming no other changes to the issued share capital of the Company since the date of this announcement or conversion of the Convertible Bonds); and (iii) immediately upon the Subscription Completion and conversion of the whole of the principal amount of the Convertible Bonds by the Subscriber at the Conversion Price of HK\$1.569 per Conversion Share (assuming no other changes to the issued share capital of the Company since the date of this announcement):

| | (i) As at the date of this announcement | | (ii) Immediately upon the Subscription Completion (assuming no other changes to the issued share capital of the Company since the date of this announcement or conversion of the Convertible Bonds) | | (iii) Immediately upon the Subscription Completion and full conversion of the Convertible Bonds by the Subscriber (Note 2) | |
|---|---|----------------------|---|----------------------|--|----------------------|
| China New Way and its subsidiary | 740,544,830 | 62.04 | 740,544,830 | 55.95 | 740,544,830 | 53.50 |
| GT Winners Limited and parties acting in concert with it (Note 1) | 123,929,759 | 10.38 | 123,929,759 | 9.36 | 123,929,759 | 8.96 |
| The Subscriber | — | — | 130,000,000 | 9.82 | 190,500,000 | 13.76 |
| Other Shareholders | <u>329,142,387</u> | <u>27.58</u> | <u>329,142,387</u> | <u>24.87</u> | <u>329,142,387</u> | <u>23.78</u> |
| Total | <u>1,193,616,976</u> | <u>100.00</u> | <u>1,323,616,976</u> | <u>100.00</u> | <u>1,384,116,976</u> | <u>100.00</u> |

Notes:

1. Mr. Pang Yat Ting, Dominic, Madam Li Wai Hang, Christina and Mr. Pang Yat Bond, Derrick are the parties acting in concert with GT Winners Limited.
2. Pursuant to the terms of the Convertible Bonds, no exercise of conversion rights attaching to the Convertible Bonds is allowed if immediately following the conversion, the Company will be unable to meet the public float requirement under the Listing Rules.

FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

| Date of announcement | Fund raising activity | Intended use of net proceeds | Actual use of the net proceeds as at the date of this announcement |
|----------------------|---|--|--|
| 31 December 2014 | Issue of Shares in the consideration of HK\$46,300,000 and issue of the convertible bonds in the principal amount of HK\$84,266,000 (<i>Note</i>) | All will be used for general working capital | Use as intended |

Note: Under specific mandate granted to the Directors at special general meeting held on 19 December 2014.

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

INFORMATION OF THE SUBSCRIBER

The Subscriber is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of China City Construction Group. The principal business of the Subscriber is investment holding. As at the date of this announcement, the Subscriber is also a holder of convertible bonds due 2017 of the Company in the principal amount of HK\$42,133,000 at the initial conversion price of HK\$0.463 (subject to adjustments) per Share. The Subscriber shall be interested in 91,000,000 Shares upon full conversion of these convertible bonds at the initial conversion price. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of the Subscriber and its ultimate beneficial owner(s) is not a connected person of the Company under the Listing Rules.

REASONS FOR THE PROPOSED ISSUE OF THE SUBSCRIPTION SHARES AND CONVERTIBLE BONDS AND USE OF PROCEEDS

The gross proceeds and net proceeds of the Subscription amount to approximately HK\$280.4 million and HK\$280.2 million respectively. The entire net proceeds will be used for partial payment of the Consideration for the Acquisition. The Subscription and the Acquisition are not inter-conditional. In the event that Acquisition Completion does not take place, the net proceeds from the Subscription will be used as general working capital of the Group. The net price per Subscription Share and the Conversion Share under the Convertible Bonds to be issued is approximately HK\$1.426 and HK\$1.568 respectively.

The Directors consider that the Subscription will benefit the Company's long term development and broaden the Company's equity base. In addition, it offers a good opportunity to raise additional funds for partial funding of the Consideration.

The Directors are of the view that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable taking into consideration the prevailing market conditions and are in the interests of the Company and the Shareholders as a whole.

Shareholders and potential investors should note that the Acquisition Completion and Subscription Completion are subject to the respective Conditions Precedent and Subscription Conditions to be fulfilled and/or waived (as the case may be) and therefore, may or may not be taken place. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

| | |
|---------------------------------|--|
| “Acquisition” | the proposed acquisition of 90% equity interest in the Target Company by the Purchaser from the Vendor pursuant to the terms and conditions of the Share Transfer Agreement |
| “Acquisition Completion” | the completion of the Acquisition |
| “Board” | the board of Directors |
| “China City Construction Group” | 中國城市建設控股集團有限公司 (China City Construction Holding Group Co., Ltd.*), a company established under the law of PRC |
| “China New Way” | China New Way Investment Limited, a company incorporated in Hong Kong with limited liability |
| “Company” | Chun Wo Development Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange |
| “Conditions Precedent” | the conditions set out under the paragraph “Conditions Precedent to the Share Transfer Agreement” under the section headed “The Acquisition” in this announcement |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Consideration” | the total consideration of RMB315,000,000 payable by the Purchaser for the Acquisition |
| “controlling shareholder(s)” | has the meaning ascribed to it under the Listing Rules |
| “Conversion Price” | HK\$1.569 per Conversion Share, being the initial conversion price at which the Conversion Shares will be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds, subject to adjustment pursuant to the terms and conditions of the Convertible Bonds |
| “Conversion Share(s)” | new Shares to be allotted and issued by the Company pursuant to the exercise of the conversion rights attached to the Convertible Bonds pursuant to the terms and conditions of the Convertible Bonds |

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| “Convertible Bonds” | the zero coupon convertible bonds due 2018 in the aggregate principal amount of up to HK\$94,924,500 to be issued by the Company to the Subscriber pursuant to the Subscription Agreement |
| “Current Market Price” | in respect of a Share at a particular date, the average of the closing prices published in the daily quotation sheet of the Stock Exchange for one Share for the five consecutive Trading Days ending on the Trading Day immediately preceding such date |
| “Director(s)” | the director(s) of the Company |
| “General Mandate” | the general mandate granted by the Shareholders at the annual general meeting held on 22 August 2014 authorising the Directors to allot, issue or otherwise deal with up to 218,384,075 Shares (representing 20% of the aggregate nominal amount of the issued share capital of the Company as at that date) and to make or grant offers, agreements and options which might require the exercise of such powers |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Hong Kong Business Days” | means a day on which banks are open for business in Hong Kong (excluding Saturdays, Sundays and public holidays) |
| “Last Trading Day” | 13 March 2015, being the date of the Subscription Agreement |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China |
| “PRC Business Days” | a day on which banks in Hong Kong and PRC are generally open for normal banking business and able to process interbank deposit and payment |
| “Property” | the commercial building to be developed at the Target Land |
| “Purchaser” | Vast Honest Corporation Limited, a company established under the law of Hong Kong and an indirect wholly-owned subsidiary of the Company |
| “RMB” | Renminbi, the lawful currency of PRC |

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| “SFC” | the Securities and Futures Commission |
| “Share(s)” | the ordinary share(s) of HK\$0.10 each in the share capital of the Company |
| “Share Transfer Agreement” | the share transfer agreement dated 13 March 2015 entered into between the Purchaser and the Vendor in relation to the Acquisition |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “sq.m.” | square metre(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscriber” | China City Construction (International) Co., Limited, a company established under the law of Hong Kong |
| “Subscription” | the subscription of the Subscription Shares and the Convertible Bonds |
| “Subscription Agreement” | the subscription agreement dated 13 March 2015 entered into between the Subscriber and the Company in relation to the Subscription |
| “Subscription Completion” | the completion of the Subscription |
| “Subscription Conditions” | the conditions set out under the paragraph “Conditions Precedent to the Subscription Agreement” under the section headed “The Subscription” in this announcement |
| “Subscription Long Stop Date” | 31 May 2015 |
| “Subscription Price” | the subscription price of HK\$1.427 per Subscription Share |
| “Subscription Share(s)” | 130,000,000 new Shares to be subscribed by the Subscriber and issued by the Company at the Subscription Price |
| “Takeovers Code” | The Codes on Takeovers and Mergers issued by SFC |
| “Target Company” | 中國城市建設控股集團(珠海)置業有限公司 (China City Construction Holding Group (Zhuhai) Property Co., Ltd.*), a company established under the law of PRC |
| “Target Land” | a parcel of land located at Southern side of Haizhou Road, Eastern side of Jiuzhou Avenue East, Jida, Xiangzhou District, Zhuhai City, Guangdong Province, PRC (中國廣東省珠海市香洲區吉大九洲大道東側、海洲路南側) held by the Target Company |

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| “Trading Day” | a day when the Stock Exchange is open for trading in Hong Kong |
| “Vendor” | 中國城建開發有限公司 (China Construction Development Limited [*]), a company established under the law of PRC and, as at the date of this announcement, directly holds 100% equity interest in the Target Company |
| “Zhuhai Lianji” | 珠海市聯基控股有限公司 (Zhuhai City Lianji Holding Group Co., Ltd. [*]), a company established under the law of PRC |
| “%” | per cent |

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

Hong Kong, 13 March 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.

** for identification purposes only*