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HONG WEI (ASIA) HOLDINGS COMPANY LIMITED
鴻偉(亞洲)控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 8191)

**DISCLOSEABLE TRANSACTION – ACQUISITION OF
FOREST RIGHTS**

DISCLOSEABLE TRANSACTION

The Directors are pleased to announce that on 21 May 2016 Hongwei (Renhua) entered into the Acquisition Agreement with Seller for the purchase of Forest Rights in relation a commercial plantation site of 2,619.5 mu at the price of RMB9,000,000, subject to downward adjustment on a dollar for dollar basis, should the market value of the Forest Rights determined by an independent valuer to be appointed by Hongwei (Renhua) be less than that price. The transaction was arranged by the Agent who will act as escrow agent in respect of the purchase price under the Acquisition Agreement.

The Acquisition Agreement when aggregated with the January Agreement (involving the acquisition of Forest Rights in relation to five commercial plantation sites of approximately 3,992 mu from a different Independent Third Party seller arranged by the same Agent) constitute a discloseable transaction of the Company under the GEM Listing Rules as the highest of all applicable percentage ratios for the transactions contemplated under both agreements together (and not either of them singly), is more than 5% but less than 25%.

DISCLOSEABLE TRANSACTION – ACQUISITION OF FOREST RIGHTS

The Directors are pleased to announce that on 21 May 2016 Hongwei (Renhua) entered into the Acquisition Agreement key information in relation to which is set out below.

The Acquisition Agreement

Date: 21 May 2016

Parties: Seller, an Independent Third Party, being the registered owner and seller of the Forest Rights.

Hongwei (Renhua), a wholly-owned subsidiary of the Company as purchaser of the Forest Rights.

Subject matter: Forest Rights in relation to a 2,619.5 mu commercial plantation site situated at Renhua County, Guangdong Province, which is mainly populated by mature trees and bush timber that can be harvested to provide raw materials to our Group and to be sold as raw material for construction and other purposes, subject to obtaining the necessary harvesting and wood transportation licences.

The Forest Rights that are the subject of the Acquisition Agreement are registered in the name of the Seller for a term expiring in April 2058.

The Group understands from the Seller that she has not generated any revenue from the exploitation of the Forest Rights. Accordingly, there is no net profit (whether before or after taxation) attributable to the Forest Rights for the two financial years immediately preceding the date of the Acquisition Agreement.

Consideration: RMB9,000,000, subject to downward adjustment on a dollar for dollar basis, should the market value of the Forest Rights determined by an independent valuer to be appointed by Hongwei (Renhua) be less than that price.

The initial purchase price for the Forest Rights has been determined after arms' length negotiations between the parties. The Group took into account (i) results of physical inspection of the condition of the commercial plantation site; and (ii) internal valuation, both conducted by its in-house team. However, for the purposes of determining whether or not the initial purchase price should require adjustment, the Company will commission an independent valuation of the Forest Rights based on international valuation standards. The Company expects that the independent valuer will adopt the market approach for such valuation.

Completion:

The consideration is to be paid in cash within 10 days of the signing of the Acquisition Agreement to the Agent as escrow agent, to be released to the Seller only after the Agent determines that there is no uncertainty that the title to the Forest Rights can be transferred to Hongwei (Renhua).

The Company expects that it will take up to approximately 2 months for the title to the Forest Rights under the Acquisition Agreement to be transferred to the name of Hongwei (Renhua).

Reasons for and the benefits of the Acquisition Agreement

The Group is principally engaged in the manufacturing and sales of particleboards, which are used primarily by the customers of the Group in the manufacturing of furniture, flooring panels, decorations and construction materials.

The entering into of the Acquisition Agreement forms part of the Group's strategy to broaden its sources for wood materials through upstream acquisitions of Forest Rights to support its production operations. To the extent there is surplus wood supply available from the forests acquired by the Group, the Group can also generate additional revenue from sales of wood surplus to its requirements.

As the Group will be acquiring the Forest Rights under the Acquisition Agreement based on independent assessed market value and in view of the purpose of the acquisition as part of the Group's strategy described above, the Directors believe that the terms of the transactions contemplated under the Acquisition Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole.

GEM Listing Rules implications

The Agent arranged for Hongwei (Renhua) to acquire from an Independent Third Party (who is also a shareholder of the Agent) under the January Agreement Forest Rights in relation to five commercial plantation sites of approximately 3,992 mu located at Renhua County, Guangdong Province owned by that Independent Third Party, for a total purchase price of RMB13 million, subject to downward adjustment on a dollar for dollar basis, should the market value of those Forest Rights determined by an independent valuer to be appointed by Hongwei (Renhua) be less than that price. The terms of the January Agreement are substantially the same to those set out in the Acquisition Agreement as described above, save as to the identity of the seller, the subject matter of sale and the price payable for the relevant Forest Rights.

The Acquisition Agreement when aggregated with the January Agreement constitute a discloseable transaction of the Company under the GEM Listing Rules as the highest of all applicable percentage ratios for the transactions contemplated under both agreements together (and not either of them singly), is more than 5% but less than 25%.

DEFINITIONS

- “Acquisition Agreement” the agreement dated 21 May 2016 entered into between the Seller and Hongwei (Renhua) in relation to the sale and acquisition of the Forest Rights in relation to 2,619.5 mu commercial plantation site situated at Renhua County, Guangdong Province
- “Agent” Renhua County Hongsen Farmers’ Specialized Cooperatives* (仁化縣鴻森農民專業合作社), a farmer’s cooperative enterprise, in which the seller under the January Agreement is one of the six members
- “Company” Hong Wei (Asia) Holdings Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Growth Enterprise Market of the Stock Exchange
- “Director(s)” the director(s) of the Company

“Forest Rights”	rights to use forestry land and rights to own and use the forest which is designated by the relevant forestry administration for commercial use
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hongwei (Renhua)”	Hongwei Wooden Products (Renhua) Co. Ltd. (鴻偉木業(仁化)有限公司), a wholly-owned subsidiary of the Company
“Independent Third Party”	to the best of best of the Directors’ knowledge, information and belief having made all reasonable enquiry, third party independent of the Company and its connected persons as defined under the GEM Listing Rules
“January Agreement”	the agreement dated 25 January 2016 entered into between Liu Yanqun (劉燕群) as seller and Hongwei (Renhua) as purchaser in relation to the sale and acquisition of the Forest Rights in relation to five commercial plantation sites of approximately 3,992 mu located at Renhua County, Guangdong Province
“mu”	Chinese measurement of land; 1 mu is equals to approximately 666.67 of a square meter
“Seller”	Ling Xiaoyan (凌小燕), an Independent Third Party
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
Hong Wei (Asia) Holdings Company Limited
Wong Cheung Lok
Chairman and Executive Director

Hong Kong, 21 May 2016

At the date of this announcement, the executive Directors are Mr. Wong Cheung Lok, Ms. Cheung Ngar Kwan, Ms. Huang Xiuyan and Mr. Liu Jiayong; the non-executive Directors are Mr. Ong Chor Wei and Mr. Lai Ming Wai; and the independent non-executive Directors are Dr. Xu Jianmin, Ms. Qian Xiaoyu and Mr. Wong Hei Chiu.

This announcement will remain on the GEM website (www.hkgem.com) for at least seven days from the day of its posting. This announcement will also be published on the Company's website at www.hongweiasia.com.

This announcement, for which the directors of the issuer collectively and individually accept fully responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

** for identification purposes only*