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WUZHOU INTERNATIONAL HOLDINGS LIMITED

五洲國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01369)

US\$300,000,000 13.75% Senior Notes Due 2018 (the “Notes”)

(Stock Code: 5970)

- (1) INSIDE INFORMATION;**
- (2) APPOINTMENT OF INDEPENDENT RESTRUCTURING ADVISER;**
- (3) RESUMPTION OF TRADING OF THE SHARES OF THE COMPANY;**
- AND**
- (4) CONTINUED TRADING HALT OF THE NOTES OF THE COMPANY**

This announcement is made by Wuzhou International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 4 July 2018 in relation to the Group’s default in some of its payment obligations and the Civil Petitions which have been issued by creditors in the PRC against, amongst others, the Company and/or its subsidiaries for repayment of loans (the “**Announcement**”).

UPDATE ON THE FINANCIAL STATUS OF THE GROUP

The board of directors of the Company (the “**Board**”) announces that the Group is currently experiencing going concern issues as it is not in a position to settle those of its financial liabilities which have fallen due and are immediately payable and it is anticipated that more of its financial liabilities will become immediately due and payable.

According to the legal opinion of the Group’s PRC lawyers, the amount of principal repayments which the Group has defaulted on and/or has received notices from its creditors demanding early repayments by reason of breach of payment obligations under the loan agreements has increased to approximately RMB2,495 million as at the date of this announcement.

Also, in addition to the five Civil Petitions listed in the Announcement, the Group has received court documents in respect of six legal actions commenced by creditors in the PRC against, amongst others, the Company and/or its subsidiaries for repayment of loans, the details of which are as follows:

29 June 2018	Zhongyuan Trust Co., Ltd	<ol style="list-style-type: none"> 1. Wuxi Wuzhou Ornament City Co., Ltd (“Wuxi Wuzhou Ornament City”); 2. Wuxi Zhongnan Property Investment Co., Ltd (“Wuxi Zhongnan”); 3. Boom Win Holdings Limited; 4. Mr. Shu Cecheng; 5. Ms. Zhu Lijuan; and 6. Ruian Wuzhou International Commercial City Co., Ltd 	RMB489 million	Civil Ruling on the Plaintiff’s application for property preservation against the Defendants
6 July 2018	Qinghui Leasing Co., Ltd	<ol style="list-style-type: none"> 1. Jiangyin Wuzhou Property Co., Ltd; 2. Wuxi Wuzhou Ornament City; 3. Mr. Shu Cecheng; and 4. Ms. Zhu Lijuan 	RMB250 million	Execution Ruling of the property preservation order against the Defendants

Date	Plaintiff(s)	Defendant(s)	Loan Amount	Nature
16 July 2018	Hengqin Jintou International Finance Leasing Co., Ltd	<ol style="list-style-type: none"> 1. Wuxi Wuzhou Ornament City; 2. The Company; 3. Wuxi Wuzhou Commercial Management Co., Ltd; 4. Mr. Shu Cecheng; 5. Mr. Shu Cewan; 6. Ms. Zhu Lijuan; 7. Ms. Qi Xueqin; 8. Wuxi Zhongnan; 9. Wuxi Wuzhou Commercial Investment Co., Ltd; 10. Wuxi Wuzhou Property Co., Ltd; 11. Wuxi Longteng Commercial Investment & Development Co., Ltd; 12. Jiangsu Tongrun Property Co., Ltd; and 13. Mr. Liu Chunlai. 	RMB146.13 million	Civil Petition
1 August 2018	Guotai Yuanxin Asset Management Co., Ltd (“ Guotai Yuanxin ”)	<ol style="list-style-type: none"> 1. Wuxi Wuzhou Ornament City; 2. Wuzhou International (Yueqing) Electrical City Co., Ltd (“Yueqing Electric”); 3. The Company; 4. Mr. Shu Cecheng; 5. Ms. Zhu Lijuan; and 6. Wuxi Wuzhou International Property Co., Ltd (“Wuxi International Property”) 	RMB36.5 million	Civil Petition

Date	Plaintiff(s)	Defendant(s)	Loan Amount	Nature
1 August 2018	Guotai Yuanxin	<ol style="list-style-type: none"> 1. Wuxi Wuzhou Ornament City; 2. Yueqing Electric; 3. The Company; 4. Mr. Shu Cecheng; 5. Ms. Zhu Lijuan; and 6. Wuxi International Property 	RMB88.4 million	Civil Petition
1 August 2018	Guotai Yuanxin	<ol style="list-style-type: none"> 1. Wuxi Wuzhou Ornament City; 2. Yueqing Electric; 3. The Company; 4. Mr. Shu Cecheng; and 5. Ms. Zhu Lijuan 	RMB20 million	Civil Petition

The Company notes that the three legal actions commenced by Guotai Yuanxin as listed out above in respect of loans in the total amount of RMB144.9 million were instituted on the basis that an event of default has allegedly occurred pursuant to the loan agreements. However, according to the legal opinion of the Group's PRC lawyers, there is no evidence which shows that an event of default has indeed occurred and as such it is uncertain as to whether Guotai Yuanxin is entitled to claim for early repayment of the loans.

The Company has further received notices from Pingan Real Estate Capital Limited (formerly known as Pingan Real Estate (Hong Kong) Limited) ("**Pingan**") and PA Glorious Opportunity VIII Limited ("**PAG VIII**"), holders of the convertible notes issued by the Company on 26 September 2014 and 22 October 2014 respectively in the aggregate principal amount of US\$100,000,000 with interest rate of 7% per annum maturing on 30 September 2019 (the "**Convertible Notes**"), demanding immediate repayment of the full outstanding principal amount under the Convertible Notes, being US\$55,716,185 in total.

Pursuant to the Purchase Agreement entered into between the Company, Pingan and PAG VIII on 12 September 2014, Pingan and PAG VIII have agreed to purchase the Convertible Notes, and any holder of the Convertible Notes has the right to require the Company to redeem all or some of such holder's Convertible Notes at any time on or after 30 September 2017 at its early redemption amount at such redemption date as specified in the relevant notice of the relevant holder together with interest accrued and unpaid up to the redemption date.

The Company will keep the shareholders of the Company and potential investors informed of the financial status of the Group by way of further announcement(s) as and when appropriate.

APPOINTMENT OF INDEPENDENT RESTRUCTURING ADVISER

The Company has appointed RSM Corporate Advisory (Hong Kong) Limited as its Independent Restructuring Adviser (“IRA”) to assist the Company in assessing the financial position of the Company and evaluating its options and to work towards a mutually acceptable restructuring solution for its creditors. The Company will work with the IRA to seek the view of the creditors on the restructuring options. Further announcements in this regard will be made in due course.

RESUMPTION OF TRADING OF THE SHARES OF THE COMPANY

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been halted with effect from 9:30 a.m. on 10 August 2018 pending the release of an announcement relating to inside information of the Company. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 1:00 p.m. on 10 August 2018.

CONTINUED TRADING HALT OF THE NOTES OF THE COMPANY

Trading in the Notes of the Company on the Stock Exchange will remain halted until further notice.

Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

By order of the Board
WUZHOU INTERNATIONAL HOLDINGS LIMITED
Shu Cecheng
Chairman

Hong Kong, 10 August 2018

As at the date of this announcement, the Board comprises six executive Directors, being Mr. Shu Cecheng (Chairman), Mr. Shu Cewan (Chief Executive Officer), Mr. Zhu Yongqiu, Mr. Shen Ziaowei, Ms. Cai Qiaoling and Mr. Zhou Chen, and three independent non-executive Directors, being Dr. Song Ming, Prof. Shu Guoying and Mr. Liu Chaodong.