

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.



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)

ISSUE OF CONVERTIBLE NOTES UNDER GENERAL MANDATE

THE SUBSCRIPTION AGREEMENT

On 29 August 2018 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has agreed to subscribe for, and the Company has agreed to issue, the Notes in the principal amount of HK\$2,000,000.

As at the date of this announcement, the Company has an aggregate of 4,990,259,914 Shares in issue. Assuming (i) there is no other change in the existing shareholding of the Company; and (ii) full conversion of the Notes, based on the initial Conversion Price of HK\$0.048 per Conversion Share, a maximum of 41,666,666 Conversion Shares will be issued, representing (i) approximately 0.83% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 0.83% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

USE OF PROCEEDS

The estimated net proceeds from the issue of the Notes (after deducting all related expenses), are estimated to be approximately HK\$1,950,000, which are intended to be used for working capital of the Company.

GENERAL MANDATE

The Conversion Shares will be allotted and issued pursuant to the General Mandate. Accordingly, the issue of the Notes and the allotment and issue of the Conversion Shares (upon conversion of the Notes) are not subject to Shareholders' approval.

GENERAL

The Company will make an application to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange. No application will be made by the Company to the Listing Committee for listing of the Notes. Completion of the Subscription Agreement is subject to the fulfilment of all conditions set out in the paragraph headed “Conditions Precedent” below. Please refer to the paragraph headed “Principal terms of the Notes” below for detailed terms of the Notes. As the issue of the Notes are subject to the fulfilment of certain Conditions Precedent and may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

On 29 August 2018 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has agreed to subscribe for, and the Company has agreed to issue, the Notes in the principal amount of HK\$2,000,000. Completion of the Subscription Agreement is subject to the fulfilment of all conditions set out in the paragraph headed “Conditions Precedent” below. Details of the terms of the Subscription Agreement and the Notes are summarised below:

THE SUBSCRIPTION AGREEMENT

Date: 29 August 2018 (after trading hours)

Issuer: The Company

Subscriber: The Subscriber

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Subscriber and its ultimate beneficial owner(s) are third parties independent of and are not connected persons (as defined under the Listing Rules) of the Company.

Subscription of the Notes

Subject to the fulfilment of the Conditions Precedent set out below, the Subscriber shall subscribe for, and the Company shall issue, the Notes in the principal amount of HK\$2,000,000 and the said amount shall be satisfied in cash.

Conditions Precedent

Completion of the Subscription shall be conditional upon:

- (a) the Company has obtained the approval of the shareholders of the Company (whether by way of general mandate or specific mandate) for the issue of the Notes and the Conversion Shares upon exercise of the relevant conversion rights attached thereto, and such approval is not amended, withdrawn, revoked or cancelled;

- (b) the Listing Committee has granted (either unconditionally or subject to conditions to which neither the Company nor the Subscriber objects) the listing of and permission to deal in the Shares to be issued by the Company upon exercise by of the conversion rights under the Notes;
- (c) (where required) the Company has obtained all necessary approvals, consents from any government or regulatory authority or any person and the completion of all necessary filings with any government or regulatory authority required for the entering into of the Subscription Agreement and/ or the performance of its obligations hereunder by the Company and if any of such approvals are subject to any conditions, such conditions have been fulfilled;
- (d) (where required) the Company has completed all filings and registrations of the Agreement, the Notes and all related documents;
- (e) the Warranties being true, correct and complete in all material respects when made and remaining true, correct and complete and not misleading in all material respects as at the Completion Date;
- (f) the Company has carried out the necessary capital reorganization (including but not limited to subdivision of Shares) in compliance with the applicable laws and rules;
- (g) the compliance of any other requirements under the Listing Rules and the Takeover Code or otherwise of the Stock Exchange and the Securities and Futures Commission of Hong Kong which requires compliance in relation to this Agreement and transactions contemplated hereunder (including but not limited to, the issue of the Notes and the issue and allotment of the Conversion Shares); and
- (h) the Board has passed all necessary resolutions in approving, among other things, the Subscription Agreement and the transactions contemplated hereunder (including but not limited to, the issue of the Notes and the issue and allotment of the Conversion Shares).

Subject to the fulfilment of the above Conditions Precedent, the Subscription of the Notes shall be completed on the Completion Date. If the Conditions Precedent have not been fulfilled on or before 30 June 2019 or such other date as may be agreed in writing between the Company and the Subscriber, the Subscription Agreement will lapse and become null and void, and the parties will be released from all obligations hereunder, save for liabilities for any antecedent breaches thereof.

PRINCIPAL TERMS OF THE NOTES

The principal terms of the Notes are summarised below:

Principal amount : HK\$2,000,000

Interest : 2% per annum

- Maturity Date : The date falling on the 24 months from the date of issue of the Notes.
- Maturity Redemption Price : The Company shall redeem all of the Notes on the Maturity Date at the principal amount together with all interest accrued thereon which have not been paid.
- Conversion Price : The initial Conversion Price is HK\$0.048 per Conversion Share, subject to the adjustments as set out in accordance with the terms and conditions of the Instrument. The Conversion Price represents a premium of 17.07% to the closing price of HK\$0.041 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement and a premium of 3.45% to the average of the closing price of HK\$0.0464 for the 5 consecutive trading days prior to the date of the Subscription Agreement, provided that, subject to the Listing Rules and other requirements of the Stock Exchange, if any of the following prices is higher than the initial Conversion Price, the Directors may, but not obliged to, resolve to request to increase the Conversion Price to:
- (a) 145% of the average of the daily traded VWAP per Share for the 45 Business Days on which Shares were traded on the Stock Exchange, immediately preceding the date of issue of the Notes; or
 - (b) 80% of the average of the closing prices per Share on any three consecutive Business Days as selected by the relevant Noteholder during the 45 Business Days immediately preceding the relevant Conversion Date on which Shares were traded on the Stock Exchange.

The Conversion Price was determined after arm's length negotiations between the Company and the Subscriber after considering the current market sentiment, the recent market prices and performance of the Shares, the historical financial performance and the business prospects of the Company.

- Adjustments to the Conversion Price : The Conversion Price shall be, from time to time, subject to adjustment upon occurrence of, inter alia, any of the following events:
- i. consolidation, subdivision or reclassification of Shares;
 - ii. capitalisation of profits or reserves;
 - iii. capital distributions;

- iv. offer of new Shares for subscription by way of a rights issue, an open offer or a grant of options or warrants or other rights to subscribe for new Shares, at a price which is at 5% discount or more to the market price at the date of the announcement of the terms of such offer or grant per Share to Shareholders;
- v. issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the relevant consideration per new Share receivable is less than 95% of the market price at the date of the announcement of the terms of issue of such securities;
- vi. issue of Shares being made wholly for cash at a price less than 95% of the market price per Share at the date of announcement of the terms of such issue;
- vii. any modification of the rights of conversion, exchange or subscription attaching to such securities at a price less than 95% of the market price per Share at the date of announcement of the terms of such modification.

No adjustment will be made to the Notes to the extent that it will cause the Company to allot and issue Shares in excess of the General Mandate.

- Conversion Shares : Based on the initial Conversion Price of HK\$0.048, a maximum number of 41,666,666 Conversion Shares may fall to be allotted and issued upon exercise by the Noteholders of the conversion rights attached to the Notes in full.
- Conversion period : Any time after the date of issue of the Notes and up to and including 7 days before the Maturity Date.
- Transferability : The Notes are transferrable.
- Status of the Notes : The Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will at all times rank pari passu without any preference among themselves and with all other present and future unconditional, unsecured and unsubordinated obligations of the Issuer other than those preferred by statute or applicable law.
- Ranking of the Conversion Shares : The Conversion Shares will rank pari passu with and, carry the same rights in all aspects as, the other Shares then outstanding.

- Voting : The Noteholder(s) shall not be entitled to attend or vote at any meetings of the Company by reason only it being the Noteholder(s).
- Application for listing : No application will be made by the Company for the listing of the Notes on the Stock Exchange or any other stock exchange. An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.
- Early redemption : The Company shall be entitled at its sole discretion, by giving not less than 14-day notice to the Noteholders, to redeem all (but not some only) outstanding Notes at any time.

GENERAL MANDATE

Upon exercise in full of the conversion rights attaching to the Notes at the initial Conversion Price, a maximum of 41,666,666 Conversion Shares shall be allotted and issued under the General Mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 1 June 2018. Under the General Mandate, the Company is authorised to allot, issue and otherwise deal with new Shares (including the issue of any securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares) up to a maximum of 20% of the aggregate amount of the issued share capital of the Company as at the date of the aforesaid general meeting, which amounts to 998,051,982 new Shares. As at the date of this announcement, none of the General Mandate have been utilized. Accordingly, the issue of the Notes and the allotment and issue of the Conversion Shares (upon conversion of the Notes) are not subject to Shareholders' approval.

REASONS FOR THE ISSUE OF THE SUBSCRIPTION AND USE OF PROCEEDS

The Group, comprising the Company and its subsidiaries, is principally involved in property development, property investment and provision of property management services in the PRC.

The estimated net proceeds from the issue of the Notes (after deducting all related expenses), are estimated to be approximately HK\$1,950,000, which are intended to be used for general working capital of the Company. The net price of each Conversion Share will be approximately HK\$0.0468.

The Directors are of the view that the issue of the Notes represents a good opportunity for raising working capital.

Based on the foregoing, the Directors consider that the terms of the Subscription Agreement, which were arrived at after arm's length negotiations between the Company and the Subscriber, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE SUBSCRIBER

The Subscriber is a limited liability company incorporated in Hong Kong and is principally engaged in investment holding. To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are third parties independent of and are not Connected Persons (as defined under the Listing Rules) of the Company.

EFFECTS OF THE SUBSCRIPTION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purposes, the tables below set out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after full conversion of the Notes at the initial Conversion Price pursuant to the Subscription Agreement (assuming that there is no other change in the existing shareholding of the Company); and (iii) immediately after full conversion of the Notes at the initial Conversion Price pursuant to the Subscription Agreement and exercise of share options of the Company (assuming that there is no other change in the existing shareholding of the Company):

<i>Shareholders</i>	As at the date of this announcement		Immediately after full conversion of the Notes at the initial Conversion Price (assuming that there is no other change in the existing shareholding of the Company)	
	<i>No. of shares</i>	<i>Approximate %</i>	<i>No. of shares</i>	<i>Approximate %</i>
Boom Win Holdings Limited (<i>Note</i>)	1,059,340,000	21.23	1,059,340,000	21.05
Sun Hongbing	1,016,548,907	20.37	1,016,548,907	20.20
Subscriber	–	–	41,666,666	0.83
Public	2,914,371,007	58.40	2,914,371,007	57.92
Total	<u>4,990,259,914</u>	<u>100.00</u>	<u>5,031,926,580</u>	<u>100.00</u>

Notes:

The shares are held by Boom Win Holdings Limited, a company incorporated in the British Virgin Islands and is owned as to 60% by Mr. Shu Cecheng, the Chairman and an executive Director and 40% by Shu Cewan, an executive Director and the chief executive officer. Mr. Shu Cecheng and Mr. Shu Cewan are deemed to be interested in these shares under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fundraising activities in the past twelve months before the date of this announcement.

PUBLIC FLOAT

The Company will monitor closely and will ensure that it maintains the minimum public float percentage as prescribed under the Listing Rules from time to time. The Company's public float will not fall below the minimum prescribed percentage under the Listing Rules upon conversion of the Notes.

GENERAL

The Company will make an application to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange. No application will be made by the Company to the Listing Committee for the listing of the Notes. Completion of the Subscription is subject to the satisfaction of the Conditions Precedent in the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

“Board” or “Board of Directors”	the board of Directors;
“Business Day”	any day (excluding Saturday, Sunday, public holiday and a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business in Hong Kong and the stock exchanges operated by the Stock Exchange are open for trading
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time;
“Completion Date”	the Business Day immediately after the last of the applicable Conditions Precedent have been fulfilled (or waived);
“Completion”	completion of the issue of the Notes;
“Conditions Precedent”	the conditions precedent to the Completion as set out above;
“Connected Person(s)”	has the meanings ascribed to it under the Listing Rules;
“Conversion Price”	HK\$0.048 (subject to adjustment);

“Conversion Shares”	the Shares to be allotted and issued by the Issuer upon exercise by the Noteholders of the conversion rights attached to the Notes;
“Directors”	the directors of the Issuer;
“General Mandate”	the general mandate to issue Shares granted by the shareholders of the Issuer to the Directors at the annual general meeting held on 1 June 2018;
“Group”	the Issuer and its Subsidiaries;
“HK Dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Instrument”	a deed executed by the Issuer constituting the Notes;
“Issue Date”	the date of issue of the Notes;
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange with responsibility for considering applications for listing and the granting of listing on the Main Board of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as may be amended or supplemented from time to time;
“Notes”	the convertible notes in the principal amount of HK\$2,000,000 to be issued by the Company on the terms set out in the Instrument;
“Noteholder”	the person who is for the time being the holder of the Notes;
“PRC”	the People’s Republic of China;
“Shares”	ordinary shares of US\$0.01 in the share capital of the Issuer, and where applicable, the term shall also include shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares and a “Share” shall refer to each and any one of such shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Subscriber”	Cathy Capital Holdings Limited, a limited company incorporated in Hong Kong;
“Subscription”	the subscription of the Notes by the Subscriber pursuant to the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 29 August 2018 entered into between the Company and the Subscriber in relation to the Subscription
“Subsidiaries”	the subsidiaries of the Issuer for the time being and from time to time and the term “Subsidiary” shall be construed accordingly;
“Takeovers Code”	The Code on Takeovers and Mergers, as may be amended or supplemented from time to time;
“US Dollars” or “US\$”	US dollars, the lawful currency of the United States of America;
“Warranties”	the representations, warranties and undertakings made by the Issuer in the Subscription Agreement;
“VWAP”	volume weighted average prices, which is calculated by the summation of the amount traded for every transaction (Share price multiplied by number of Shares traded) which is then divided by the total number of Shares traded for the day; and
“%”	per cent.

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

Hong Kong, 29 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 Xiaowei, Ms. Cai Qiaoling and Mr. Zhou Chen, and three independent non-executive Directors, being Dr. Song Ming, Prof. Shu Guoying and Mr. Liu Chaodong