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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)

SUPPLEMENTAL ANNOUNCEMENT DISCLOSEABLE TRANSACTION DISPOSAL OF 100% EQUITY INTEREST OF XUYI WUZHOU PROPERTY CO., LTD*

Reference is made to the announcement dated 20 August 2018 (the “**Announcement**”) of Wuzhou International Holdings Limited (the “**Company**”) in relation to the Disposal of 100% equity interest of Xuyi Wuzhou. Unless expressly defined otherwise, capitalized terms used herein shall have the same meaning as those defined in the Announcement.

Further Information regarding the Agreements

The Company wishes to provide further information regarding the Agreements:

Conditions: Within 10 working days after the signing of the Agreements, the Vendors shall cause the change of registrations (the “**Change of Registrations**”) at the relevant authorities in the PRC regarding the change of shareholders of the Disposal Company.

Liabilities and Contingent Liabilities, Project Status: The Vendors shall disclose all existing liabilities and/or contingent liabilities relating to the Disposal Company as at the date of the Agreements in an accurate and complete manner.

During the transitional period of the Disposal, the Vendors shall in good faith maintain normal and continuous operation of the Disposal Company.

The Purchaser confirms knowledge of the project status of the Disposal Company as at the date of the Agreements (status concerning awarded projects, project land in use, sold, unsold, leased, unleased, mortgaged, offset or other rights and encumbrances).

Vendors' Representations
and Warranties:

Vendors' representations and warranties are, among others, as follows:

- the Vendors are corporate legal entity (企業法人) established in accordance with the laws of the PRC and are able to bear civil liabilities independently.
- the Vendors and the Disposal Company have the requisite power and authority to enter into and perform their obligations under the Agreements.
- As at the date of the Agreements, the Vendors have complete ownership of the Sale Interest and right to sell and transfer the Sale Interest. The Sale Interest is fully paid up and free of encumbrances.
- The Disposal by the Vendors will not violate the memorandum and articles of association of the Disposal Company, or other agreements whereby the Vendors are a party thereto, or any law, regulation, rule, or judgment, order, or ruling of any authority.
- The Vendors warrant that the status of the Disposal Company and all documents and information disclosed and given to the Purchaser are true, accurate, complete and valid, and not misleading.
- The Vendors undertake to cooperate with the Disposal company to complete the Change of Registration.
- During the transitional period of the Disposal, the Vendors undertake that the Disposal will not undergo any change of registered capital and shareholding structure, reorganization, finance or guarantee, acquisition or disposal of its shares in other companies, distribution of dividends, dissolution or deregistration, dealing with material assets of over RMB100 million, any unreasonable act that is detrimental to the interest of the Disposal Company.
- Upon execution, the Agreements shall constitute legal, valid and binding duty on the Vendors.

Purchaser's Representations and Warranties:	<p>Purchaser's representations and warranties are, among others, as follows:</p> <ul style="list-style-type: none"> • the Purchaser is a corporate legal entity (企業法人) established in accordance with the laws of the PRC and is able to bear civil liabilities independently. • The acquisition of the Sale Interest by the Purchaser will not violate any agreements whereby the Purchaser is a party thereto, or any law, regulation, rule, or judgment, order, or ruling of any authority. • Upon execution, the Agreements shall constitute legal, valid and binding obligations on the Purchaser. • The Purchaser undertakes to pay the Consideration in accordance with the Agreements and proceed with the Change of Registration.
Default Terms:	<p>If the Purchaser does not pay the Purchase Price in accordance with the Agreements, the Purchaser shall pay penalty to be calculated on a daily basis at 0.5% of the overdue amount. If the Purchase Price is overdue for more than 30 days, the Vendors are entitled to terminate the Agreements and demand the Purchaser to pay the Vendors 20% of the Purchase Price for breach of the Agreements and demand the Purchaser to reverse the registration (the “Reversal of Change”) of the change of shareholders of the Disposal Company.</p>
Dispute Resolution:	<p>Both parties should resolve any disputes arising from the Agreements first through settlement negotiation. If such negotiation fails, the disputes shall be resolved by submission to arbitration at Beijing Arbitration Commission in accordance with the applicable rules.</p>

Change of Registration before the full settlement of the Purchase Price

As mentioned in the section headed “The Agreements” of the Announcement, the Change of Registration was completed in line with conditions of the Agreements.

At the material time when the Vendors and the Purchaser submitted the application to the relevant PRC governmental authorities for the Change of Registration, it was not contemplated nor was there any reasonable ground to believe that the Purchaser would delay the full settlement of the Purchase Price. Based on the advice by the PRC lawyers, the ultimate control of the Disposal Company shall still remain in the Vendors before the full settlement of the Purchase Price.

In light of the above, the Directors consider that the interest of the Company and its shareholders is protected and thus the conditions for change of registration are fair and reasonable and in the interest of the Company and its shareholders.

Updates regarding the status of the Disposal

On 1 December 2018, the parties have entered into a voluntary discharge agreement in respect of the Disposal, pursuant to which the Group agreed to refund the RMB10 million (the “**Refund**”) while the Purchaser agreed to reverse the registration of the change of shareholders of the Disposal Company (the “**Reversal of Change**”).

The Refund and the Reversal of Change (the “**Settlement**”) was accepted by the Company after assessing and balancing the possible risk exposure on legal proceeding for claim of penalty and the potential benefit of deducting the RMB10 million.

After obtaining the advice of the Company’s legal advisors, the Company have considered the followings:-

- due to certain existing disputes and legal proceedings between the Disposal Company and its property purchaser, the local bureau of housing had suspended the online housing filing system of the Disposal Company, and the sales were hindered. It is arguable that this constitutes (i) material omission or concealment from the disclosure of information of the Disposal Company and hence misrepresentation on the part of the Group and (ii) the legal disputes during the transition period which in turn entitle the Purchaser to terminate the Agreements;
- if the Group decides to proceed to strictly enforce its legal rights under the Agreements, it might have to face significant risks of being subject to counter-claim by the Purchaser, particularly for breaching the representations and warranties of the Agreements and the amount claimed is difficult to ascertain at this stage;
- on balance, both parties agreed that direct and strict enforcement of the contractual terms of the Agreements or litigation may not be in the best interests of both parties given the significant legal costs, time, resources and uncertainties that would be involved. The Refund and Reversal of Change, however, will bring the following benefits to the Company:
 - the Refund and Reversal of Change will save the Company significant amount of time and give the Company certainty of the outcome of the matter;
 - the Refund and Reversal of Change will allow the Company to regain control of the Disposal Company at a much earlier stage than if the Company chooses to proceed with litigation on the matter with the Purchaser;
 - after the Company has regained control of the Disposal Company, it can immediately make appropriate arrangements, including selling interests or assets of the Disposal Company and thereafter applying the sale proceeds to settle the existing debts within the Group.

Balancing the benefit and the risks involved, the proposed arrangement is fair and reasonable and in the interests of the Company and the shareholders as a whole, because the Reversal of Change could be obtained without recourse to litigation. This would save the Company significant legal costs, time and resources and also provide certainty of outcome to the Group.

As at the date of this announcement, 50% of the Refund (that is RMB5 million) has been refunded to the Purchaser and it is expected that the remaining balance would be refunded in or around February 2019.

As to the status of Reversal of Change, the Purchaser have executed agreements with the Group for the transfer of entire equity interest of the Disposal Company to the Group on 24 December 2018. The Reversal of Change has been applied and is now being processed by the relevant authorities in the PRC. It is expected to be completed in or around February 2019.

CONTINUED TRADING SUSPENSION OF THE SHARES OF THE COMPANY

Trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 3 September 2018 and will remain suspended until further notice.

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

Hong Kong, 25 January 2019

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.

** In this announcement, the English names of the PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*