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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF THE INVESTMENT FUND

THE DISPOSAL

The Board is pleased to announce that, on 30 March 2020, the Vendor and the Purchaser entered into the Debt Settlement Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire, the Investment Fund at a total consideration of RMB31.68 million.

LISTING RULES IMPLICATION

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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THE DEBT SETTLEMENT AGREEMENT

The major terms of the Debt Settlement Agreement are as follows:

Date: 30 March 2020

Parties:

Vendor: Wuxi Longxiang Investment Company Limited* (無錫市龍祥投資有限公司), a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company

Purchaser: Ningbo Huaye Material Technology Company Limited* (寧波華業材料科技有限公司), a company established in the PRC with limited liability

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners is not a connected person of the Company and is an Independent Third Party.

The Investment Fund to be disposed

The Investment Fund is a collective investment fund scheme established by Zhonghai Trust Co., Ltd.* (中海信託股份有限公司) (“**Zhonghai Trust**”) comprising several investments including investments in bonds of companies listed on the Shanghai Stock Exchange, fixed deposits in the currency of RMB and deposits in the currency of RMB and other foreign currencies.

The Vendor holds 60,000,000 units of the Investment Fund. According to the information published by Zhonghai Trust, the total market value of the Investment Fund held by the Vendor as at 3 February 2020 was approximately RMB30.22 million (i.e. approximately RMB0.50374 per unit).

Consideration

The total consideration for the Disposal is approximately RMB31.68 million (the “Consideration”), of which shall be satisfied by the Purchaser by transferring the corresponding interests in the 1st Tranche 2017 Corporate Bonds of equivalent face value (together with the interest accrued) to the Vendor or the Vendor's nominees.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser, taking into account (i) the reasons for the Disposal as disclosed in the section headed “Reasons for and Benefits of the Disposal” in this announcement and (ii) the market value of the Investment Fund.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The purpose of the Disposal is for the Group to set off certain debts in the 1st Tranche 2017 Corporate Bonds. The Directors are of the view that the terms and conditions of the Debt Settlement Agreement are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE COMPANY, THE VENDOR AND THE PURCHASER

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 Vendor principally engages in investment holding and is a wholly-owned subsidiary of Wuxi Wuzhou (the issuer of the 1st Tranche 2017 Corporate Bonds).

The Purchaser is the beneficial owner of some of the 1st Tranche 2017 Corporate Bonds. To the best of the Directors' knowledge and information, the Purchaser principally engages in, inter alia, investment holding.

FINANCIAL IMPACT OF THE DISPOSAL

Upon completion of the Disposal, it is estimated that the Group will record a gain of approximately RMB1.46 million which is calculated on the basis of the difference between the amount of the Consideration and the market value of the Investment Fund of approximately RMB30.22 million.

Shareholders should note that the above figures are for illustrative purpose only. The actual gain or loss arising from the Disposal may be different from the above estimation and will be determined based on the valuation of the Investment Fund and the relevant expenses incurred on the Disposal and is subject to review by the Company's auditors.

LISTING RULES IMPLICATION

As the highest percentage ratios (as defined under the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

No Director has a material interest in the transaction and has abstained from voting on the board resolutions approving the Disposal and the Debt Settlement Agreement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“1st Tranche 2017 Corporate Bonds”	1st Tranche 2017 non-public offering corporate bonds issued by the Wuxi Wuzhou (無錫五洲國際裝飾城有限公司非公開發行2017年公司債券(第一期)) on 10 January 2017 which is also referred as “17錫洲01”;
“Board”	the board of Directors;

“Company”	Wuzhou International Holdings Limited (五洲國際控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1369);
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“Debt Settlement Agreement”	the debt settlement agreement dated 30 March 2020 entered into between the Vendor and the Purchaser in respect of the Disposal;
“Director(s)”	the director(s) of the Company;
“Disposal”	the proposed disposal of the Investment Fund by the Vendor in accordance with the terms and conditions of the Debt Settlement Agreement;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules;
“Investment Fund”	Zhonghai Trust – Huayi Pure Bond No. 7 Collective Funds Trust Scheme* (中海信託-華溢純債7號集合資金信託計劃);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan);
“Purchaser”	Ningbo Huaye Material Technology Company Limited* (寧波華業材料科技有限公司), a company established in the PRC with limited liability;
“RMB”	Renminbi, the lawful currency of the PRC;

“Share(s)”	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;
“Shareholder(s)”	holder(s) of the issued Share(s);
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“Vendor”	Wuxi Longxiang Investment Company Limited* (無錫市龍祥投資有限公司), a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company;
“Wuxi Wuzhou”	無錫五洲國際裝飾城有限公司(Wuxi Wuzhou Ornament City Co. Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company; and
“%”	per cent.

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

Hong Kong, 31 March 2020

As at the date of this announcement, the Board comprises five executive Directors, being Mr. Shu Cewan (Chairman and 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 or individuals 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.*