

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.

CWT INTERNATIONAL LIMITED

(Receivers Appointed)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 521)

INSIDE INFORMATION ANNOUNCEMENT AND CONTINUED SUSPENSION OF TRADING

This announcement is made by CWT International Limited (Receivers appointed) (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2)(a) and 13.19 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 16, 22 and 30 April 2019 (the “**Previous Announcements**”). Capitalised terms used in this announcement shall have the same meanings as defined in the Previous Announcements unless the context requires otherwise.

UPDATE ON ENFORCEMENT ACTIONS RESULTING FROM LOAN DEFAULT

As disclosed in the Previous Announcements, the Company entered into the Facility Agreement with certain lenders for the advancement of a loan in a total principal amount of HK\$1,400,000,000 to the Company. In April 2019, the Company defaulted in payment of interest and fees in the total amount of approximately HK\$63,000,000 under the Facility Agreement (the “**Default**”). As a result of the Default, the lenders under the Facility Agreement (the “**Lenders**”) have demanded immediate payment of the outstanding principal, interest and fees of under the Facility Agreement in the total amount of not less than HK\$1,463,000,000 and declared that the security under the security documents relating to the Facility Agreement become enforceable.

The charged assets of the Group that are subject to the above enforcement actions (the “**Charged Assets**”) are summarized as follows:

- a) all issued shares in HNA International Property Investment Company Two Limited (“**HNA Property Investment II**”) (an indirect wholly-owned subsidiary of the Company and a holding company of certain investment properties of the Group located in the United Kingdom (the “**UK Property**”));

- b) inter-company loan made by HNA International Property Investment Company One Limited (the immediate holding company of HNA Property Investment II and an indirect wholly-owned subsidiary of the Company) to HNA Property Investment II;
- c) all issued shares in HNA International Recreational Property (BVI) Company Limited (“**HNA Recreational Property BVI**”) (an indirect wholly-owned subsidiary of the Company and a holding company of certain investment properties of the Group in the United States);
- d) inter-company loan made by HNA International Recreational Property Company Limited (the immediate holding company of HNA Recreational Property BVI and a direct wholly-owned subsidiary of the Company) to HNA Recreational Property BVI;
- e) all issued shares in Hillview Golf Development Company Ltd. (an indirect wholly-owned subsidiary of the Company and a holding company of certain golf courses of the Group located in China);
- f) all issued shares in each of HNA Belt and Road Investments Company Limited (“**HNA Belt & Road**”), HNA Belt and Road Investments (BVI) Company Limited (“**HNA Belt & Road BVI**”) and HNA Belt and Road Investments (Singapore) Pte. Limited (“**HNA Belt & Road Singapore**”) (wholly-owned subsidiaries of the Company and the holding companies of CWT Pte. Limited, which in turn holds the group of entities engaging in the following business segments of the Group: logistic services, commodity marketing, engineering services and financial services);
- g) inter-company loan made by the Company to HNA Belt & Road and HNA Belt & Road BVI;
- h) the assets of HNA Belt & Road, including a security assignment in respect of the inter-company loan made by HNA Belt & Road to HNA Belt & Road Singapore;
- i) the assets of HNA Belt & Road BVI, including a security assignment in respect of the inter-company loan made by HNA Belt & Road BVI to HNA Belt & Road Singapore; and
- j) certain shareholder loans made by HNA Group (International) Company Limited (an immediate shareholder of the Company) to the Company.

The business and assets of the above subsidiaries of the Company that are among the Charged Assets together represent the vast majority of the total assets of the Group.

As the Group was unable to repay the outstanding amounts under the Facility Agreement as demanded by the Lenders, the Lenders have taken possession of the Charged Assets and appointed receivers over these Charged Assets (the “**Receivers**”), which has resulted in considerable impact to the Group’s operations. As of the date of this announcement, the Charged Assets remained to be under receivership. To the best of the knowledge and information of the Company, as of the date of this announcement, the Receivers have commenced due diligence over the Charged Assets and have not taken any action to dispose of or realize such Charged Assets. Notwithstanding the enforcement actions over the Charged Assets, the Receivers have indicated to the Company that it is not their current intention to proceed to dispose of, liquidate or wind up the Company’s subsidiaries that form part of the Charged Assets under receivership. As of the date of this announcement, the Receivers have not appointed any management personnel to take over the day-to-day management of the Charged Assets under receivership.

The Default under the Facility Agreement has caused a cross default under a term loan facility granted by a lender to a wholly-owned subsidiary of the Company (the “**UK Property Loan**”) with carrying amount of HK\$744,769,000 at 31 December 2018. The UK Property Loan is secured with the UK Property and may be due for immediate repayment upon the relevant lender’s request under the cross-default provisions.

POTENTIAL RISKS RELATING TO THE DISPOSAL OR REALIZATION OF THE CHARGED ASSETS UNDER RECEIVERSHIP

As mentioned above, the Receivers have the right to dispose of and/or realize the Charged Assets under receivership to raise funds for repayment of the outstanding sums under the Facility Agreement. Whilst, up to the date of this announcement, the Receivers have not yet taken actions to dispose of, liquidate or wind up the Company’s subsidiaries that form part of the Charged Assets under receivership, the Receivers are entitled to do so at any time whilst the receivership subsists. If the Group’s shareholding in holding companies of certain assets which are intended to form part of the Debt Restructuring Plan (as defined below) were to be sold, it may result in the Company not being able to implement the Debt Restructuring Plan. If the Group’s shareholding in the holding companies of CWT Pte. Limited were to be sold, this would amount to a change in control of CWT Pte. Limited which may in turn cause the covenants in certain loan facilities of CWT Pte. Limited and its subsidiaries to be breached and result in cross defaults of these loan facilities. In such event, the Company would have disposed of the key operating company that holds the group of entities engaging in the following business segments of the Group: logistic services, commodity marketing, engineering services and financial services.

PLAN FOR REFINANCING THE LOAN UNDER THE FACILITY AGREEMENT

In view of the above circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient cash resources to continue as a going concern and pay its debt when they fall due. The Directors are undertaking a debt restructuring plan (the “**Debt Restructure Plan**”), which includes the following plans and measures, so that the Group will be able to continue as a going concern:

(i) Fund-raising from refinancing activities to repay the outstanding amounts under the Facility Agreement

The Directors have been actively negotiating with commercial banks and financial institutions for raising funds to the Group. As of May 2019, the Group has been engaged in ongoing discussion with independent third parties on a refinancing facility (the “**Refinancing Facility**”) which, if successful and when drawn down, is intended to repay the loan under the Facility Agreement and related interest and fees. It is expected that binding agreement(s) relating to the Refinancing Facility will be entered upon the completion of certain due diligence procedures and finalisation of terms. The drawdown of such facility will be subject to fulfillment of certain conditions precedent.

(ii) Release of enforcement on the Charged Assets and continuation of the Group’s operations

As set out in the loan documentation with the Lenders with respect to the loan under the Facility Agreement, the Charged Assets shall be released to the Group upon settlement of the outstanding principal, interest and fees under the Facility Agreement in full.

The Group is actively negotiating with the lender of the UK Property Loan not to exercise its rights to request for immediate repayment. The Group is also actively negotiating with the other current financiers to continue providing finance to the Group, in particular with the financiers for the revolving trade facilities which are crucial for the Group’s ability to carry out its commodity marketing business.

(iii) Disposal plans of the Group to repay the Refinancing Facility

The Group intends to dispose of the UK Property which is classified as non-current assets held-for-sale as at 31 December 2018. Subsequent to 31 December 2018, the Group also committed disposal plans in relation to certain investment properties in the United States and certain golf courses in China. If these disposal plans could be realised, it is expected that the net proceeds to be derived from the disposals of these assets will be used to repay the Refinancing Facility (if the Refinancing Facility could be obtained).

In addition, the Directors are committed to streamlining the Group's strategy to focus on the provision of logistics services. As a result, the Group also intends to dispose of certain operations engaging in other business activities. The Group has received a number of letters of intent or expressions of interest from potential buyers with respect to the disposal of these operations and the Directors have been actively negotiating with such potential buyers. If these further disposal plans could be realised, it is expected that the net proceeds from the disposals of these operations will also be used to repay the Refinancing Facility and the Directors, after taking into account the quotations from potential buyers, are of the view that the total net proceeds from the disposals of the aforesaid assets and operations would be sufficient to repay the outstanding principal, interest and fees in relation to the Refinancing Facility in full when they fall due.

Some of aforesaid assets are located (or are companies located) in the United Kingdom and the United States and, due to the recent geopolitical situations affecting these countries (including BREXIT and trade tensions between China and the United States), it has been a challenge identifying interested buyers for these assets and operations. The Group has been searching for interested buyers for quite some time and, in negotiating the terms for undertaking the Disposals of Assets, the Group would need to take in account the benefit of undertaking such disposals in the short term to repay the Refinancing Facility in view of the continuing, or even growing, uncertainties affecting these markets.

The Directors have reviewed the Group's cash flow projections prepared by management which cover a period of not less than twelve months from 31 December 2018. They consider that, assuming the success of all the above-mentioned assumptions, plans and measures, the Group will have sufficient working capital to finance its operations and to meet its obligations as and when they fall due for at least twelve months from 31 December 2018. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, multiple material uncertainties exist as to whether the Group will be able to achieve the plans and measures as described above. Specifically, whether the Group will be able to continue as a going concern will depend on the following:

- a) successful drawdown of the Refinancing Facility to repay the loan under the Facility Agreement;
- b) successful negotiation with the Lenders to simultaneously release the enforcement and receivership over the Charged Assets upon repayment of the outstanding amounts under the Facility Agreement;
- c) successful disposals of the Group's assets as mentioned above before the maturity of the Refinancing Facility;

- d) successful negotiation with the lender of the UK Property Loan not to exercise its rights of requesting for immediate repayment under the cross-default provisions; and
- e) maintenance of the relationship with the Group's current finance providers, in particular those providing revolving trade facilities, to continue providing finance to the Group so that the Group is able to continue carrying out its business operations.

Should the Group fail to achieve any of the above-mentioned plans and measures, it may not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

AUDITORS' DISCLAIMER OF OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Reference is made to the Company's 2018 annual report dated 3 June 2019. KPMG, auditors of the Company, have expressed disclaimer of opinion on the Group's consolidated financial statements for the year ended 31 December 2018 in the Independent Auditor's Report. For further details, please refer to the Independent Auditor's Report on pages 85 to 88 of the Company's 2018 annual report.

RESUMPTION GUIDANCE

Upon the materialisation of the Debt Restructure Plan, the Company will make submissions to the Stock Exchange for the resumption of the trading of its shares on the Stock Exchange as soon as possible pursuant to the resumption guidance provided by the Stock Exchange to the Company on 29 April 2019.

The Company confirms that, save as disclosed in this announcement, it is currently not aware of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance. The Company will issue further announcement(s) to provide updates on the above matters as and when required pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was halted from 2:32 p.m. on 10 April 2019 and will remain suspended pending the further release of an inside information announcement regarding updates on the above matters with respect to the default under the Facility Agreement and the despatch of the annual report for the year ended 31 December 2018, whichever is the latter.

By order of the Board
CWT INTERNATIONAL LIMITED
(Receivers appointed)
Mung Kin Keung
Executive Director

Hong Kong, 6 June 2019

As at the date of this announcement, the Board comprises Mr. Xu Haohao (Executive Director and Co-Chairman), Mr. Mung Kin Keung (Executive Director and Co-Chairman), Mr. Li Tongshuang (Executive Director and Chief Executive Officer), Mr. Zhao Quan (Executive Director), Mr. Ding Lei (Executive Director and Executive Vice President), Mr. Mung Bun Man, Alan (Non-executive Director), Mr. Leung Shun Sang, Tony (Independent Non-executive Director), Mr. Liem Chi Kit, Kevin (Independent Non-executive Director) and Mr. Lam Kin Fung, Jeffrey (Independent Non-executive Director).