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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)**

### INSIDE INFORMATION SETTLEMENT AGREEMENT IN ACCORDANCE WITH ENFORCEMENT ORDER

This announcement is made by Wuzhou International Holdings Limited (“**Company**”, and together with its subsidiaries, the “**Group**”), pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) and 13.25(1)(e) of the Rules (“**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

#### INTRODUCTION

On 20 March 2017, the Purchaser made two loan advances in the respective sum of RMB118,460,000 (“**1st Loan Advance**”) and RMB81,540,000 (“**2nd Loan Advance**”) (together with the 1st Loan Advance as “**Loan Advances**”) to Zhengzhou Wuzhou International Industrial Expo City Real Estate Co. Ltd\* (鄭州五洲國際工業博覽城房地產有限公司) (“**Zhengzhou Wuzhou**”), a previous wholly owned subsidiary of the Company. In connection to the 1st Loan Advance, Wuxi Wuzhou International Decoration City Co., Ltd\* (無錫市五洲國際裝飾城有限公司) (“**Wuxi Wuzhou**”), the Company, Mr. Shu Cecheng, Ms. Zhu Lijuan, Jiangsu Tongrun Real Estate Co., Ltd\* (江蘇通潤置業有限公司) (“**Jiangsu Tongrun**”) and Nantong Baiyueju Home Building Materials Co., Ltd.\* (南通百悅家居建材有限公司) (“**Nantong Baiyueju**”) (collectively as the “**Guarantor Group 1**”) also entered into a guarantee arrangement with the Purchaser, pursuant to which the Guarantor Group 1 agreed to be the guarantors of the 1st Loan Advance.

In connection to the 2nd Loan Advance, Wuxi Wuzhou, the Company, Mr. Shu Cecheng, Ms. Zhu Lijuan and Jiangsu Tongrun (collectively as the “**Guarantor Group 2**”) entered into a guarantee arrangement with the Purchaser, pursuant to which the Guarantor Group 2 agreed to be the guarantors of the 2nd Loan Advance.

As Zhengzhou Wuzhou had failed to repay the Loan Advances and the Guarantor Group 1 and the Guarantor Group 2 failed to perform their respective guarantee obligation in accordance to the terms as set out in the Loan Advances, the Purchaser had initiated legal proceedings against Zhengzhou Wuzhou and the Guarantor Group 1 and the Guarantor

Group 2 for their failure to repay the Loan Advances. Henan Supreme People's Court\* (河南省高級人民法院) had made a judgement (“**1st judgement**”) against Zhengzhou Wuzhou in relation to the 1st Loan Advance on 21 June 2019 and the 1st Judgment was further sent to the Xianyang City People's Court\* (滎陽市人民法院) for enforcement after the Purchaser's application for enforcement.

Zhengzhou Intermediate People's Court had made a judgement (“**2nd Judgement Initial**”) against the Zhengzhou Wuzhou and the Guarantor Group 2 in relation to the 2nd Advance on 27 April 2019 and Henan Supreme People's Court had made a final judgement (“**2nd Judgement Final**”) and together with the 2nd Judgement Initial as the “**2nd Judgement**”) against Zhengzhou Wuzhou. The 2nd Judgement was further sent to the Xianyang City People's Court for enforcement after the Purchaser's application for enforcement.

As at 15 October 2020, the total outstanding judgement debt (the “**Judgement Debt Sum**”) for the 1st Judgement and the 2nd Judgement owed to the Purchaser was approximately RMB225 million (inclusive of the principal of the Loan Advances, penalties and interests thereon, and other fees incurred during the court proceedings).

## **TERMS OF THE SETTLEMENT AGREEMENT**

The board of directors of the Company (the “**Board**”) announces that on 30 November 2020, (a) the Purchaser on the first part and (b) Zhengzhou Wuzhou and each of the guarantor of the Guarantor Group 1 and the Guarantor Group 2 (all parties of the Guarantor Group 1 and Guarantor Group 2 collectively as the “**Vendor Group**”) entered into a settlement agreement (“**Settlement Agreement**”), the same of which was received by the Company on 3 December 2020, in accordance with the enforcement order of the 1st Judgement and 2nd Judgement for the settlement of the Judgement Debt Sum, pursuant to which the parties thereto agreed to, among other things, the following:

### **Phase I**

- (1) The Purchaser shall accept the transfer of the Property 1 and the Property 2 to the Purchaser from the Vendor Group as stated in the enforcement of the 1st Judgement and the 2nd Judgement that the court auctioned the Property 1 and the Property 2 under the name of the guarantor group through the judicial auction procedure, and they are now in the state of brought-in with total auction price of RMB155,433,000, for the discharge of part of the Judgement Debt Sum in the sum of approximately RMB155,433,000 (equivalent to an aggregate amount of the Property 1 and the Property 2 which was determined and brought-in after 2 court auctions);
- (2) The Purchaser shall pay on behalf of the Vendor Group for the taxes and fees incurred in relation to the transfer the Property 1 and the Property 2;
- (3) The Vendor Group shall settle the taxes and fees payable by the Purchaser in relation to the transfer of the Property 1 and the Property 2 by disposing of the Property 3 at the unit price of RMB5,000 per square metre to the Purchaser;

### **Phase II**

- (4) The Vendor Group shall pay RMB28,000,000 (currently under the seizure of the Purchaser) the Purchaser in cash by 30 November 2020;

- (5) The Vendor Group shall transfer the Property 4 to the Purchaser by means of online registration which is currently under the name of the purchaser as security for the settlement of certain debt in the sum of RMB6,785,040;

### **Phase III**

- (6) The Purchaser, upon the satisfaction of the obligation of the Vendor Group in Phase II, shall release the seizure on all the remaining assets other than the Property 3 produced the name of Zhengzhou Wuxi as stated in the guarantee agreement;
- (7) The Purchaser shall release the frozen bank accounts under the name of Zhengzhou Wuzhou as a result of the enforcements of the 1st Judgement and the 2nd Judgement;
- (8) The Purchaser shall release the entire equity interest of Zhengzhou Wuzhou currently held by Wuxi Wuzhou;
- (9) The Purchaser shall stop the monitoring and supervision of the use of the certificates, seals, licenses and bank accounts of the Vendor Group;

### **Phase IV**

- (10) The Vendor Group shall repay RMB7,000,000 to the Purchaser by 25 December 2020;
- (11) Upon signing the Settlement Agreement, the Purchaser and Zhengzhou Wuzhou shall arrange the disposal of the Property 3 to the Purchaser and each of the tranche of disposal shall be limited to 20 property units;

### **Phase V**

- (12) Within 30 days after the fulfilment of the Phase IV, the Purchaser shall apply to the People's Court of Xinyang for the release and discharge the seizure order on the remaining assets under the name of Zhengzhou Wuzhou;
- (13) The Purchaser shall bear the taxes and fees incurred in relation to the disposal of the Property 3 and the transfer of Property 4 to the Purchaser with a ceiling of RMB1,700,000 and the Vendor Group shall bear the remaining balance of the taxes and fees in relation to the said disposal and transfer;

### **Phase VI**

- (14) The Vendor Group undertakes that the Property 4 shall not be leased out. In the event that any of the property unit of the Property 4 is subject to unexpired lease or in force, the Vendor Group undertakes to obtain confirmation letters from the lessees of the Property 4 for agreeing the return of vacant possession of the property within 30 days after receiving the notice of surrender by 20 November 2020;
- (15) The Vendor Group undertakes to give vacant possession of the Property 3, and submit to the Purchaser the confirmation letters issued by the lessees for agreeing the return of vacant property within 30 days after receiving the notice of surrender by 25 December 2020 (if applicable);

- (16) The Vendor Group undertakes to give vacant possession of the Property 2 (other than those for the property sales department) and the temporary housing as well as to level the fish ponds on its own before 25 December 2020, at the Vendor's own expenses;
- (17) Since part of the Property 1 have been leased out for hotel operation, the lessees have undertaken to Xinyang People's Court that they would return the vacant properties on their own within 4 months after the completion date of auction. Therefore, the Purchaser is entitled to make the decision of continuing the leases upon the receipt of the "Judgment on Settlement"\* (以物抵債裁定書). If the Purchaser decides not to lease the properties, the Vendor Group would undertake to give vacant possession the Property 1 from the lessees within 4 months after receiving the "Discontinuance Notice of Leasing"(決定不予出租的通知書) from the Purchaser, at the Vendor Group's own expenses; and
- (18) The Vendor Group shall bear the legal costs of the enforcement of the 1st Judgement and the 2nd Judgement.

Save as disclosed elsewhere in this announcement and Jiangsu Tongrun, a wholly-owned subsidiary of the Company, each foregoing party as stated in the Vendor Group was the Independent Third Party.

Upon the fulfillment of the obligations as stated in the above phases of the Settlement Agreement, the Purchaser agrees that the debts between the Vendor Group shall be deemed to have been discharged and the Group shall be released from its obligation as the guarantee of the Loan Advances and the 1st Judgement and the 2nd Judgement.

The Board considers the Settlement Agreement and the transactions contemplated thereunder is in the interest of the Company and its shareholders as a whole.

## **CANCELLATION OF LISTING OF THE SHARES OF THE COMPANY**

Reference is made to the announcement of the Stock Exchange in relation to the cancellation of listing dated 4 December 2020, the listing of the shares of the Company on the Stock Exchange will be cancelled with effect from 9:00 a.m. on 8 December 2020 under Rule 6.01A of the Listing Rules.

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

## **DEFINITIONS**

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

“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;
“Director(s)”	the director(s) of the Company;
“Disposal”	collectively the transfer of the Property 1, the Property 2 and the Property 4 and the disposal of the Property 3 by the Vendor Group to the Purchaser;
“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;
“Jiangsu Tongrun”	Jiangsu Tongrun Real Estate Co., Ltd* (江蘇通潤置業有限公司) (“ <b>Jiangsu Tongrun</b> ”), a limited company established in the PRC and a wholly owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Shu Cecheng”	A merchant and a substantial shareholder of the Company;
“Ms. Zhu Liquan”	A merchant;
“Nantong Baiyueju”	Nantong Baiyueju Home Building Materials Co., Ltd.* (南通百悅居家居建材有限公司), a limited company established in the PRC;
“PRC”	the People’s Republic of China, for the purposes of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Properties”	collectively, the Property 1, the Property 2, the Property 3 and the Property 4;
“Property 1”	A total of 372 commercial property units situated in Lidu Village, Guanlin Town, Yixing City, Wuxi, Jiangsu under the name of Nantong Baiyueju immediately before the Disposal;
“Property 2”	A land parcel for commercial use situated in Lidu Village, Guanlin Town, Yixing City, Wuxi, Jiangsu under the name of Jiangsu Tongrun immediately before the Disposal;

“Property 3”	A total of 106 property units situated in Zhengzhou Wuzhou International Industrial Expo City Phase II* (鄭州五洲國際工業博覽城二期) with a total floor area of 3,030.25 square metres;
“Property 4”	A total of 18 property units situated in west of Yingbin Road, Yancheng, Jiangsu currently under the name of the Purchaser as security for the settlement of certain debt;
“Purchaser”	Jiaxing Prosperity Shenzhou Fali Investment Partnership* (嘉興盛世神州發利投資合夥企業), a limited partnership established in the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary shares of US\$0.01 in the share capital of the Company, 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 Group”	collectively Zhengzhou Wuzhou, Wuxi Wuzhou, the Company, Mr. Shu Cecheng, Ms. Zhu Lijuan, Jiangsu Tongrun and Nantong Baiyueju;
“Wuxi Wuzhou”	Wuxi Wuzhou International Decoration City Co., Ltd* (無錫市五洲國際裝飾城有限公司), a limited company established in the PRC and a previous wholly owned subsidiary of the Company;
“Zhengzhou Wuzhou”	Zhengzhou Wuzhou International Industrial Expo City Real Estate Co. Ltd* (鄭州五洲國際工業博覽城房地產有限公司), a limited company established in the PRC and a previous wholly owned subsidiary of the Company;
“%”	per cent.

By Order of the Board  
**WUZHOU INTERNATIONAL HOLDINGS LIMITED**  
**Shen Xiaowei**  
*Executive Director and Chief Executive Officer*

Hong Kong, 4 December 2020

*As at the date of this announcement, the Board comprises four executive directors of the Company, being Mr. Shen Xiaowei (Chief Executive Officer), Mr. Zhu Yongqiu, Ms. Cai Qiaoling and Mr. Zhou Chen, and three independent non-executive directors of the Company, 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.*