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CWT INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 521)

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF GOLF COURSES IN THE US THROUGH THE DISPOSAL OF A SUBSIDIARY

The Board is pleased to announce that, on 1 November 2019 (after trading hours), the Seller (a direct wholly-owned subsidiary of the Company) has entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Seller has conditionally agreed to sell and assign, and the Purchaser has conditionally agreed to purchase and acquire, the Sale Share and the Sale Loan at a total consideration of US\$86,500,000 (equivalent to approximately HK\$674,700,000). As at the date of the Sale and Purchase Agreement, the Target Company holds the US Properties through indirectly owning the entire equity interests in the US Project Companies.

As one or more of the relevant percentage ratios of the Proposed Disposal for the Company exceed 25% but are less than 75%, the Proposed Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company has obtained a written shareholder's approval from HNA Group (International) and Hong Kong HNA (being a closely allied group of Shareholders) on 30 and 29 September 2019 respectively for approving the Proposed Disposal in lieu of holding a general meeting of the Company to approve the Proposed Disposal according to Rule 14.44 of the Listing Rules.

As the completion of the Proposed Disposal is subject to the satisfaction of the conditions precedent stated in the Sale and Purchase Agreement, the Proposed Disposal may or may not proceed to Completion. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

On 1 November 2019 (after trading hours), the Seller (a direct wholly-owned subsidiary of the Company) has entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Seller has conditionally agreed to sell and assign, and the Purchaser has conditionally agreed to purchase and acquire, the Sale Share and the Sale Loan (which represents the entire amount of outstanding shareholder's loan owed by the Target Company to the Seller as at 31 August 2019) at a total consideration of US\$86,500,000 (equivalent to approximately HK\$674,700,000). As at the date of the Sale and Purchase Agreement, the Target Company holds the US Properties through indirectly owning the entire equity interests in the US Project Companies.

PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

Date: 1 November 2019

Parties:

Seller: HNA International Recreational Property Company Limited, a direct wholly-owned subsidiary of the Company holding all the issued shares of the Target Company

Purchaser: Magic Radiance Limited, a company incorporated in the Independent State of Samoa with limited liability

Assets Agreed to be Disposed of

The Sale Share which represents the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement and the Sale Loan which represents the entire amount of outstanding shareholder's loan owed by the Target Company to the Seller as at 31 August 2019.

The Target Company holds the US Properties through indirectly owning the entire equity interests in the US Project Companies.

Earnest Money Deposit

Pursuant to the Project Earnest Money Agreements, the Purchaser had paid to the Seller an aggregate amount of US\$3,000,000 as earnest money deposit (the “**Earnest Money Deposit**”), which will be applied towards part payment of the Consideration on the Completion Date.

Consideration

The total consideration for the Proposed Disposal is US\$86,500,000 (equivalent to approximately HK\$674,700,000) (the “**Consideration**”).

The Consideration is payable by the Purchaser as follows:

- (a) within five days from the Confirmation Date, the Purchaser is required to pay to the Seller an amount of US\$5,650,000 (equivalent to approximately HK\$44,070,000) (the “**First Installment**”) by depositing the same amount into the Seller’s account;
- (b) if the Escrow Account has been set up within three weeks from the Confirmation Date, the Purchaser is required to, at the Seller’s election (i) pay an amount of US\$77,850,000 (equivalent to approximately HK\$607,230,000) (the “**Second Installment**”) into the Escrow Account in the name of the escrow agent within six weeks from the Confirmation Date and give an instruction to the escrow agent to release and transfer the Second Installment to the Seller’s account or its designated account on Completion, or (ii) pay the full amount of the Second Installment into the Seller’s account or its designated account on the Completion Date; and if the Escrow Account has not been set up within three weeks from the Confirmation Date, on Completion, the Purchaser is required to pay the full amount of the Second Installment into the Seller’s account or its designated account; and
- (c) on the Completion Date, the Earnest Money Deposit will be automatically applied towards part payment of the Consideration, and the Second Installment will (to the extent that it is paid into the Escrow Account) be released to the Seller or paid by the Purchaser (to the extent that it is not paid into the Escrow Account) to the Seller as the balance of the Consideration.

The Consideration has been determined after arm’s length negotiations between the Seller and the Purchaser with reference to various relevant factors, including the latest valuation report prepared in respect of the US Properties for the purposes of the preparation of the 2019 interim report of the Company and the matters stated under the heading “Reasons for and Benefits of the Proposed Disposal” of this announcement.

The Group has been searching for interested buyers for quite some time and has been negotiating terms relating to the disposal of the US Properties with such parties. Given the recent geopolitical situation which has affected interest in the US Properties, it has been a challenge for the Company to identify suitable buyers.

Given the difficult market conditions, the Company believes the price reflects a relative fair value of the US Properties and the Purchaser is the best possible purchaser after months of searching under the circumstances. This transaction will also allow the Company to liquidate its assets and generate cash efficiently to repay outstanding debts of the Company under the Facility Agreement and enhance the general working capital of the Company.

Conditions Precedent

Purchaser Closing Conditions

The Seller's obligation to proceed to Completion is conditional upon the satisfaction of the following conditions with respect to the Purchaser, unless waived in writing by the Seller (the **"Purchaser Closing Conditions"**):

- (a) all representations and warranties made by the Purchaser as at the date of the Sale and Purchase Agreement and the Completion Date are in all material respects true, accurate and not misleading;
- (b) the Purchaser having paid the First Installment to the Seller; and
- (c) if applicable, the Purchaser having paid the Second Installment into the Escrow Account within six weeks from the Confirmation Date.

As of the date of this announcement, item (b) of the Purchaser Closing Conditions has been satisfied.

On the basis that the Seller has fulfilled all Seller Closing Conditions and the Seller is not liable for the Purchaser's failure in fulfilling any of the Purchaser Closing Conditions, in the event that any of the Purchaser Closing Conditions is not satisfied or waived, the Seller shall have the right to either: (i) postpone Completion to a date which is no later than five business days after the Long Stop Date or otherwise agreed by the parties in writing, or (ii) terminate the Sale and Purchase Agreement and have the Earnest Money Deposit and the First Installment (if already paid by the Purchaser) forfeited to it in full, after which the Purchaser shall have no further obligation to the Seller under the Sale and Purchase Agreement apart from those stated to survive the termination of the Sale and Purchase Agreement.

Seller Closing Conditions

The Purchaser's obligation to proceed to Completion is conditional upon the satisfaction of the following conditions with respect to the Seller, unless waived in writing by the Purchaser (the "**Seller Closing Conditions**"):

- (a) the Company having obtained the approval from its Shareholders in the general meeting approving the Proposed Disposal as required under the Listing Rules, or if permitted under the Listing Rules, the written approval from a Shareholder or closely allied group of Shareholders who together holds more than 50% of the voting rights at the general meeting which, but for such written approval, would be convened to consider the Proposed Disposal;
- (b) the Company having obtained the Lender Group Consent; and
- (c) all warranties made by the Seller as at the date of the Sale and Purchase Agreement and the Completion Date are in all material respects true, accurate and not misleading.

As of the date of this announcement, item (a) of the Seller Closing Conditions has been satisfied.

On the basis that the Purchaser has fulfilled all Purchaser Closing Conditions and the Purchaser is not liable for the Seller's failure in fulfilling any of the Seller Closing Conditions and (i) the Seller Closing Condition under paragraph (a) or (b) above is not satisfied by the Seller by three business days prior to the Long Stop Date or (ii) the Seller Closing Condition under paragraph (c) above is not satisfied or waived, the Purchaser shall have the right to either: (i) postpone Completion to a date which is no later than five business days after the Long Stop Date or otherwise agreed by the parties in writing, or (ii) terminate the Sale and Purchase Agreement and, in such case, the Seller shall return (or procure the Company to return) the Earnest Money Deposit and the First Installment (if already paid by the Purchaser) in full to the Purchaser or a third party designated by the Purchaser, after which the Seller shall have no further obligation to the Purchaser under the Sale and Purchase Agreement apart from those stated to survive the termination of the Sale and Purchase Agreement.

Completion

Subject to the satisfaction or waiver (as appropriate) of the conditions precedent contained in the Sale and Purchase Agreement, Completion will take place on the Completion Date. Upon Completion, the Purchaser will own the entire issued share capital of the Target Company and hold the benefit of the full amount of Sale Loan and the Target Company will cease to be a subsidiary of the Company.

Termination

Seller's right to terminate

If, where all Seller Closing Conditions are satisfied (or waived), the Purchaser is in breach of its material completion obligations under the Sale and Purchase Agreement such that Completion is unable to take place on the Completion Date, the Seller shall have the right to either: (i) postpone Completion to a date which is no later than five business days after the Long Stop Date or otherwise agreed by the parties in writing or (ii) terminate the Sale and Purchase Agreement and have the Earnest Money Deposit and the First Installment (if already paid by the Purchaser) forfeited to it in full.

If (i) the Purchaser is in breach of any of its material completion obligations under the Sale and Purchase Agreement (not being an obligation to pay the First Installment or the Second Installment to the Escrow Account) prior to the Long Stop Date such that Completion is no longer practicable or (ii) the Purchaser fails to pay the First Installment or, if applicable, the Second Installment into the Escrow Account in accordance with the Sale and Purchase Agreement, the Seller shall have the right to terminate the Sale and Purchase Agreement and have the Earnest Money Deposit and the First Installment (if already paid by the Purchaser) forfeited to it in full.

In the event that the Sale and Purchase Agreement is terminated pursuant to any of the above situations, after the relevant sums paid by the Purchaser are forfeited to the Seller as set out above, the Purchaser shall have no further obligation to the Seller apart from those stated to survive the termination of the Sale and Purchase Agreement.

Purchaser's right to terminate

If, where all Purchaser Closing Conditions are satisfied (or waived) and all Seller Closing Conditions are satisfied (or waived), the Seller is in breach of its material completion obligations under the Sale and Purchase Agreement such that Completion is unable to take place on the Completion Date, the Purchaser shall have the right to either: (i) postpone Completion to a date which is no later than five business days after the Long Stop Date or otherwise agreed by the parties in writing or (ii) terminate the Sale and Purchase Agreement and, in such case, the Seller shall return (or procure the Company to return) an amount equal to two times the sum of the Earnest Money Deposit and the First Installment (if already paid by the Purchaser) to the Purchaser or a third party designated by the Purchaser, after which the Seller shall have no further obligation to the Purchaser apart from those stated to survive the termination of the Sale and Purchase Agreement.

INFORMATION ON THE TARGET GROUP

Overview

As at the date of this announcement, the Target Company is an indirect wholly-owned subsidiary of the Company. The Target Group is principally engaged in investment in the US Properties.

As at the date of the Sale and Purchase Agreement, the Target Company holds the US Properties through indirectly owning the entire equity interests in the US Project Companies. The US Properties comprise of eight golf courses, which are owned by each of the respective US Project Companies as follows:

US Project Company	US Property
1. HNA Newcastle Golf LLC	The Golf Club at Newcastle (located in Newcastle, Washington)
2. HNA Harbour Pointe, LLC	Harbour Pointe Golf Club (located in Mukilteo, Washington)
3. HNA Washington National Golf, LLC	Washington National Golf Club (located in Auburn, Washington)
4. HNA Redmond Ridge, LLC	The Golf Club at Redmond Ridge (located in Redmond, Washington)
5. HNA Plateau Golf, LLC	The Plateau Club (located in Sammamish, Washington)
6. HNA Trophy Lake Golf, LLC	Trophy Lake Golf & Casting (located in Port Orchard, Washington)
7. HNA Hawks Prairie Golf, LLC	The Golf Club at Hawks Prairie (located in Lacey, Washington)
8. HNA Indian Summer Golf, LLC	Indian Summer Golf & Country Club (located in Olympia, Washington)

Financial Information

Set forth below is certain unaudited consolidated financial information of the Target Group for the two years ended 31 December 2017 and 31 December 2018:

	For the year ended 31 December	
	2017 (approx. US\$)	2018 (approx. US\$)
Net profit/(loss) before taxation	1,166,225	(29,555,889)
Net (loss) after taxation	(1,381,445)	(31,135,548)

As at 30 June 2019, the unaudited carrying amount of consolidated net assets attributable to the owners of the Target Group, after adding back the Target Group's amount due to other entities of the Group, was approximately US\$113,519,967 (equivalent to approximately HK\$885,456,000).

INFORMATION ON THE PARTIES

The Seller is a direct wholly-owned subsidiary of the Company and is an investment holding company. The Company is a Hong Kong-based investment holding company principally engaged in commodity marketing, financial services and logistic services. The Company is also engaged in the affiliated business of operation of sports and leisure related facilities, property investment, management & development, and engineering services.

The Purchaser is a privately-held company and engaged in real estate investment, acquisition and management. The Company understands that the ultimate beneficial owner of the Purchaser is Elaine Bai, who holds the entire issued share capital of the Purchaser.

As at the date of this announcement, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company or its connected persons.

FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The estimated indicative net loss arising from the Proposed Disposal is expected to be approximately US\$30.2 million, and such loss has been determined with reference to the difference between the Consideration and the unaudited carrying amount of consolidated net assets attributable to the owners of the Target Group as at 30 June 2019, after adding back the Target Group's amount due to other entities of the Group and estimated tax implications and transaction cost to be approximately US\$3.3 million.

Shareholders should note that the financial impact set out above is for illustrative purpose only, which will have to be ascertained with reference to the carrying value of the Sale Share and the Sale Loan and the actual costs and expenses associated with the Proposed Disposal.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The Board considers that the Proposed Disposal is an appropriate opportunity to dispose of the Company's interests in the US Properties, after taking into consideration negative market circumstances including increasing China-US trade tensions, macroeconomic downward pressures and the slow development of the US golf industry, the average operational performance of the US Properties and the need of the Company to dispose of non-core assets to increase its liquidity and cash position to enable the Company to repay part of the loan in the total amount of approximately HK\$1,630 million granted under the Facility Agreement and related interest payments (please refer to the announcements of the Company dated 16, 22 and 30 April 2019, and 6, 12 and 27 June 2019, 9 and 19 July 2019, and 5 August 2019 for further details). In addition, the Company believes that the US Properties do not bring significant improvements to the Company's financial performance and business strength and do not have significant investment appeal. In view of the continuing, or even growing, market uncertainties affecting the US Properties, the Company has been searching for interested buyers for some time and it would be beneficial for the Company to undertake the Proposed Disposal at the present time. The net proceeds of the Proposed Disposal will mainly be used to partly repay the outstanding debt of the Company under the Facility Agreement and enhance the general working capital of the Company.

In view of the above, especially considering the market conditions, geopolitical uncertainties and the Company's specific circumstances, and having considered the terms of the Sale and Purchase Agreement, the Directors believe that the terms of the Proposed Disposal are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios of the Proposed Disposal for the Company exceed 25% but are less than 75%, the Proposed Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, HNA Group (International) Company Limited ("**HNA Group (International)**"), holding 1,109,244,000 shares of the Company, representing approximately 9.73% of the issued share capital of the Company) and Hong Kong HNA Holding Group Co. Limited ("**Hong Kong HNA**", holding 4,734,008,489 shares of the Company, representing approximately 41.53% of the issued share capital of the Company) are direct shareholders of the Company which are ultimately controlled by HNA Group Co., Ltd. Accordingly, HNA Group (International) and Hong Kong HNA are a closely allied group of Shareholders holding approximately 51.26% of the issued share capital of the Company. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, no Shareholder is required to abstain from voting at a general meeting of the Company if such meeting were to be convened for the approval of the Sale and Purchase Agreement and the transaction(s) contemplated thereunder. Accordingly, the Company has obtained a written shareholder's

approval from HNA Group (International) and Hong Kong HNA on 30 and 29 September 2019 respectively for approving the Proposed Disposal in lieu of holding a general meeting of the Company to approve the Proposed Disposal according to Rule 14.44 of the Listing Rules.

A circular containing, among other things, further details of the Sale and Purchase Agreement and the Proposed Disposal, will be despatched by the Company to its Shareholders on or before 22 November 2019 for reference.

As the completion of the Proposed Disposal is subject to the satisfaction of the conditions precedent stated in the Sale and Purchase Agreement, the Proposed Disposal may or may not proceed to Completion. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

CONTINUED SUSPENSION OF TRADING

Reference is made to the announcements of the Company dated 10 April 2019, 6 June 2019, 9 July 2019, 19 July 2019, 5 August 2019 and 9 October 2019. 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. The shares of the Company will remain suspended until the materialization of the disposal plans of the Group gearing towards the repayment of the amounts due and payable under the Facility Agreement and the approval of the resumption proposal of the Company by the Stock Exchange.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of Directors
“Company”	CWT International Limited, a company incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Proposed Disposal in accordance with the Sale and Purchase Agreement
“Completion Date”	a date which is the third business day after the date on which the conditions precedent set out in the Sale and Purchase Agreement are satisfied or (if applicable) waived in writing, or such other date as agreed by the Seller and the Purchaser

“Confirmation Date”	the date of the Sale and Purchase Agreement or the date of the Lender Group Consent, whichever is later
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Escrow Account”	a separate bank account opened or to be opened by the Seller and the Purchaser jointly with a designated bank in the name of an escrow agent appointed by the Seller and the Purchaser
“Facility Agreement”	the facility agreement dated 29 September 2018 entered into by, among others, the Company and such lenders (as further amended or supplemented by agreements on 24 October 2018, 19 July 2019 and 2 August 2019, respectively) in respect of a loan facility of the total amount of approximately HK\$1,630,000,000 provided to the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lender Group Consent”	the written consent in respect of the Proposed Disposal to be given by the lenders as required under the Facility Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	the date which is two months after the date of the Sale and Purchase Agreement, or such other date as the Seller and the Purchaser may agree in writing
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“Project Earnest Money Agreements”	the project earnest money agreement and the earnest money agreement entered into between the Seller and the Purchaser on 7 January 2019 and 24 August 2019, respectively, in relation to the payment of the Earnest Money Deposit by the Purchaser to the Seller
“Proposed Disposal”	the proposed disposal of the Sale Share and the assignment of the Sale Loan by the Seller to the Purchaser in accordance with the terms and conditions of the Sale and Purchase Agreement
“Purchaser”	Magic Radiance Limited, a company incorporated in the Independent State of Samoa with limited liability
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Seller and the Purchaser on 1 November 2019 in relation to the Proposed Disposal
“Sale Loan”	the unsecured shareholder’s loan granted by the Seller to the Target Company in an aggregate amount of US\$141,395,928.03, representing the entire amount of outstanding shareholder’s loan owed by the Target Company to the Seller as at 31 August 2019
“Sale Share”	one ordinary share of the Target Company, representing entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement
“Seller”	HNA International Recreational Property Company Limited, a company incorporated in Hong Kong with limited liability, which is a direct wholly-owned subsidiary of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	HNA International Recreational Property (BVI) Company Limited, a company incorporated in the British Virgin Islands, which is a direct wholly-owned subsidiary of the Seller

“Target Group”	the Target Company and its subsidiaries (including the US Project Companies)
“US”	the United States of America
“US Project Companies”, each a “US Project Company”	the eight companies listed below: (i) HNA Newcastle Golf LLC; (ii) HNA Harbour Pointe, LLC; (iii) HNA Washington National Golf, LLC; (iv) HNA Redmond Ridge, LLC; (v) HNA Plateau Golf, LLC; (vi) HNA Trophy Lake Golf, LLC; (vii) HNA Hawks Prairie Golf, LLC and (viii) HNA Indian Summer Golf, LLC, each of which is incorporated in the State of Delaware, US and is an indirect wholly-owned subsidiary of the Target Company, and holds a US Property as described under the section headed “Information on the Target Group” in this announcement
“US Properties”, each a “US Property”	the eight operating golf courses as described under the section headed “Information on the Target Group” in this announcement, together with certain related assets
“US\$”	United States dollar, the lawful currency of the US
“%”	per cent or percentage

Unless otherwise stated, the exchange rate adopted in this announcement for illustration purposes only is HK\$7.80 = US\$1.00.

By order of the Board
CWT INTERNATIONAL LIMITED
Ding Lei
Executive Director

Hong Kong, 1 November 2019

As at the date of this announcement, the Board comprises Mr. Zhu Weijun (Executive Director and Co-Chairman), Mr. Ding Lei (Executive Director and Co-Chairman), Mr. Li Tongshuang (Executive Director and Chief Executive Officer), Mr. Zhao Quan (Executive Director), Mr. Chen Chao (Executive Director), 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), Mr. Lam Kin Fung, Jeffrey (Independent Non-executive Director) and Ms. Chen Lihua (Independent Non-executive Director).