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CWT INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 521)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF A PROPERTY OF THE GROUP LOCATED IN THE UNITED KINGDOM THROUGH THE DISPOSAL OF A SUBSIDIARY

The Board is pleased to announce that, on 10 December 2019 (after trading hours), the Seller (an indirect wholly-owned subsidiary of the Company) has entered into the Share Purchase Agreement with the Buyer, pursuant to which the Seller has conditionally agreed to sell, and the Buyer has conditionally agreed to purchase, the Sale Shares at the Consideration. As at the date of the Share Purchase Agreement, the Target Company directly holds the Property.

As one or more of the relevant percentage ratios of the Proposed Disposal exceed 5% but are less than 25%, the Proposed Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As Completion of the Proposed Disposal is subject to the satisfaction of certain completion requirements stated in the Share 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 10 December 2019 (after trading hours), the Seller (an indirect wholly-owned subsidiary of the Company) has entered into the Share Purchase Agreement with the Buyer, pursuant to which the Seller has conditionally agreed to sell, and the Buyer has conditionally agreed to purchase, the Sale Shares at the Consideration. As at the date of the Share Purchase Agreement, the Target Company directly holds the Property.

PRINCIPAL TERMS OF THE SHARE PURCHASE AGREEMENT

Date: 10 December 2019

Parties:

Seller: HNA International Property Investment Company Two Limited

Buyer: Isabella Properties Limited

Assets Agreed to be Disposed of

The Sale Shares which represent the entire issued share capital of the Target Company as at the date of the Share Purchase Agreement and as may be varied after the date of the Share Purchase Agreement pursuant to the Restructuring.

The Target Company directly holds the Property.

Deposit

£11,000,000 (equivalent to approximately HK\$111,430,000) (the “**Deposit**”) as deposit has been transferred by the Buyer from the Buyer’s solicitors’ account to the Seller’s solicitors’ account and is being held by the Seller’s solicitors as stakeholder. At Completion, the Deposit shall be deemed to be released to the Seller (together with any accrued interest) and the obligations of the Seller’s solicitors as stakeholder to the Buyer shall be deemed to be released.

Consideration

The Consideration to be paid for the Sale Shares shall be calculated in accordance with the Share Purchase Agreement which shall be a sum equal to the Agreed Consideration.

On the Completion Date, the Buyer shall pay the Agreed Consideration.

In addition, at Completion, the Buyer is required to procure (by putting the Target Company in funds) the repayment by the Target Company of the Existing Bank Debt, unless the Buyer (with the requisite lender’s consent) elects to rollover the Existing Bank Debt.

The Consideration has been determined after arm’s length negotiations between the Seller and the Buyer and primarily with reference to the value of the Property based on the latest valuation report available, the net asset value of the Target Company and the prevailing market conditions.

Conditions

Completion is conditional upon the fulfilment of the following conditions with respect to the Seller:

- (a) the Shareholders approving the transactions contemplated under the Share Purchase Agreement, either by (i) passing the ordinary resolution(s) at an extraordinary general meeting of the Company; or (ii) the Company obtaining written approval(s) from a shareholder of the Company or a closely allied group of shareholders of the Company who together hold more than 50% of the voting rights at a general meeting of the Company; and
- (b) the lender to the Target Company having provided its written consent to the implementation of the Restructuring.

If the above conditions are not satisfied or waived on or before 17 February 2020, or such other date as may be agreed in writing between the Seller and the Buyer, or the Seller fails to deliver the written Shareholders' approval referred to in paragraph (a)(ii) above or the Buyer becomes aware that such approving Shareholders is required to abstain from voting on the resolutions to approve the transactions contemplated under the Share Purchase Agreement, the Share Purchase Agreement shall terminate with immediate effect and the Seller shall repay to the Buyer the Deposit (together with any accrued interest), after which the obligations of the Seller and the Buyer shall automatically terminate apart from those stated to survive the termination of the Share Purchase Agreement.

As at the date of this announcement, the conditions stated in paragraphs (a) and (b) above have been satisfied.

Completion

Subject to the satisfaction or waiver (as appropriate) of the conditions contained in the Share Purchase Agreement, Completion will take place on the Completion Date. Upon Completion, the Buyer will own all the issued shares of the Target Company and the Target Company will cease to be a subsidiary of the Company. At Completion, the Seller is required to procure that certain prescribed steps of the Restructuring have been implemented.

Termination

Seller's right to terminate

If the Buyer is in breach of its completion obligations under the Share Purchase Agreement such that Completion is unable to take place on the Completion Date, the Seller shall have the right to postpone Completion to a date which is no later than ten business days after the Completion Date by written notice. If a period of not less than ten business days has elapsed after such notice has been given and the completion obligations remain unfulfilled, the Seller shall have the right to terminate the Share Purchase Agreement and if it does so it may forfeit and keep the Deposit (with any accrued interest) in full and resell the Sale Shares.

Buyer's right to terminate

If the Seller is in breach of its completion obligations under the Share Purchase Agreement such that Completion is unable to take place on the Completion Date, the Buyer shall have the right to postpone Completion to a date which is no later than ten business days after the Completion Date by written notice. If a period of not less than ten business days have elapsed after such notice has been given and the completion obligations remain unfulfilled, the Buyer shall have the right to terminate the Share Purchase Agreement and if it does so, the Seller shall return the Deposit to the Buyer (together with any accrued interest) following such termination, and the Seller may resell the Sale Shares.

Further, if at any time before Completion, (i) there is any breach of any of the fundamental warranties; (ii) there is any material breach of any of the warranties or tax warranties; (iii) there is a fact, matter or circumstance that would give rise to a material tax indemnity claim; or (iv) the Seller's is in material breach of certain covenants in relation to the conduct of business between signing and Completion, and such matter is not remedied within the prescribed remedial period (if applicable), the Buyer may by written notice terminate the Share Purchase Agreement with immediate effect, and the Seller shall repay to the Buyer the Deposit (together with accrued interest) following such termination.

INFORMATION ON THE TARGET COMPANY

Overview

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

As at the date of the Share Purchase Agreement, the Target Company directly holds the Property. The Property comprises a Grade-A office building located in Canary Wharf, London, United Kingdom.

Financial Information

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

	For the year ended	
	31 December	
	2017	2018
	<i>(approx. £'000)</i>	<i>(approx. £'000)</i>
Net loss before taxation	8,021	11,269
Net loss after taxation	8,417	11,507

As at 30 November 2019, the unaudited total assets of the Target Company were approximately £111,000,000 (equivalent to approximately HK\$1,124,430,000).

INFORMATION ON THE PARTIES

The Seller is an indirect 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 Buyer is a newly established investment holding company formed for the purposes of this transaction. The Buyer is indirectly controlled by (i) Macquarie European Investment Holdings Limited (which is wholly-owned by Macquarie Group Limited (ASX code: MQG)), (ii) Sun Hung Kai Strategic Capital Limited (which in turn is indirectly and wholly-owned by Sun Hung Kai & Co. Limited (HKSE 86)) and (iii) DPK Quay Limited (which in turn is ultimately owned by DPK Real Estate LLP, a privately held investment vehicle).

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

FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The estimated indicative net gain arising from the Proposed Disposal is expected to be approximately £3,900,000 (equivalent to approximately HK\$39,507,000), and such gain has been determined with reference to the difference between the expected Consideration and the unaudited net assets of the Target Company as at 30 November 2019.

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 Shares 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 Property, after taking into consideration negative market circumstances including Brexit, macroeconomic downward pressures, the average investment return of the Property 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\$1,630,000,000 granted under the Facility Agreement and related interest payments (please refer to the announcements of the Company dated 16, 22 and 30 April 2019, 6, 12 and 27 June 2019, 9 and 19 July 2019, 5 August 2019 and 9 October 2019 for further details). In addition, the Company believes that the Property does not bring significant improvements to the Company's financial performance and business strength and does not have significant investment appeal. In view of the continuing, or even growing, market uncertainties affecting the Property, 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 Share 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 exceed 5% but are less than 25%, the Proposed Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As Completion of the Proposed Disposal is subject to the satisfaction of certain completion requirements stated in the Share 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 suspended 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:

“Agreed Consideration”	the Property Price less the Existing Bank Debt
“Board”	the board of Directors
“Buyer”	Isabella Properties Limited, a company incorporated under the laws of England and Wales
“Company”	CWT International Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Proposed Disposal in accordance with the Share Purchase Agreement

“Completion Date”	a date which is the tenth business day after the date on which the conditions set out in the Share Purchase Agreement are satisfied or (if applicable) waived in writing, or such other date as agreed by the Seller and the Buyer
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration to be paid for the Sale Shares calculated in accordance with the Share Purchase Agreement which shall be a sum equal to the Agreed Consideration
“Directors”	the directors of the Company
“Existing Bank Debt”	aggregate amount of all principal and interest, termination or early repayment fees, break fees, hedging break costs, and other costs due on the Completion Date under certain finance documents to which the Target Company is a party, which is expected to be approximately £74,900,000 (equivalent to approximately HK\$758,737,000) (including the principal amount of approximately £74,600,000 (equivalent to approximately HK\$755,698,000)) if Completion occurs by the end of December 2019
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“Property”	Building B-4, 17 Columbus Courtyard, Canary Wharf, London E14 4DA and Building B-4A, an extension to 17 Columbus Courtyard, Canary Wharf, London E14 4DA as registered at the land registry under title number EGL382798
“Property Price”	£110,200,000 (equivalent to approximately HK\$1,116,326,000)
“Proposed Disposal”	the proposed disposal of the Sale Shares by the Seller to the Buyer in accordance with the terms and conditions of the Share Purchase Agreement
“Restructuring”	the restructuring of part of the principal and interest due and owing by the Target Company to the Seller in respect of the Shareholder Debt by way of a new subscription for shares in the Target Company by the Seller and a set-off of such amounts against the subscription price payable for those shares
“Sale Share(s)”	all of the issued share(s) of the Target Company, representing entire issued share capital of the Target Company as at the date of the Share Purchase Agreement and as may be varied after the date of the Share Purchase Agreement pursuant to the Restructuring
“Seller”	HNA International Property Investment Company Two Limited, a company incorporated in the British Virgin Islands with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Share Purchase Agreement”	the share purchase agreement entered into between the Seller and the Buyer on 10 December 2019 in relation to the Proposed Disposal
“Shareholder(s)”	shareholder(s) of the Company
“Shareholder Debt”	the aggregate amount of principal and interest due by the Target Company to the Seller, which is expected to be approximately £74,500,000 (equivalent to approximately HK\$754,685,000) as at the date of the Restructuring pursuant to certain shareholder loan agreements

“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 Property Investment Company Three Limited, a company incorporated in the British Virgin Islands with limited liability
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“£”	Pounds sterling, the lawful currency of the United Kingdom of Great Britain and Northern Ireland
“%”	per cent or percentage

Unless otherwise stated, the exchange rate adopted in this announcement for illustration purposes only is HK\$10.13 = £1.00.

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

Hong Kong, 11 December 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. 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).