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## **YOUYUAN INTERNATIONAL HOLDINGS LIMITED**

**優源國際控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2268)**

### **PROPOSED EXTENSION OF THE MATURITY DATE AND CONSEQUENTIAL AMENDMENTS TO THE TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS ISSUED ON 20 OCTOBER 2017**

On 10 May 2018 (after trading hours), the Company, the Guarantor and the Bondholder entered into the Supplemental Deed, pursuant to which they agreed to the following with effect from the Effective Date:

- (1) to extend the maturity date of the Convertible Bonds from the First Maturity Date (i.e. 20 October 2018) to the Extended Maturity Date (i.e. 20 October 2019);
- (2) to revise the conversion period during which the conversion rights attached to the Convertible Bonds may be exercised from any time after six months from the date of issue of the Convertible Bonds to 5:00 p.m. (Hong Kong time) on the Business Day immediately before the Maturity Date to any time after 19 April 2019 to 5:00 p.m. (Hong Kong time) on the Business Day immediately before the Extended Maturity Date; and
- (3) to revise the terms and conditions of the Convertible Bonds to give effect to the Extension and Revision.

The above extension and revision are subject to fulfilment of the Conditions Precedent by the Long Stop Date. Otherwise, the Supplemental Deed shall lapse.

The Company shall pay the Arrangement Fee to the Bondholder within 7 Business Days from the date of the Supplemental Deed. The Arrangement Fee shall forthwith be returned to the Company without interest if the Conditions Precedent shall not be fulfilled by the Long Stop Date.

In accordance with Rule 28.05 of the Listing Rules, application will be made by the Company to the Stock Exchange for (1) approval to the proposed Extension and Revision; and (2) granting of the listing of, and permission to deal in, the Conversion Shares fall to be issued upon exercise of the conversion rights attached to the Convertible Bonds as amended and supplemented by the Supplemental Deed.

## **THE SUPPLEMENTAL DEED**

### **Proposed extension of the Maturity Date and consequential amendments to the terms and conditions of the Convertible Bonds**

Reference is made to the 2017 Announcement on the proposed issue of the Convertible Bonds, which were subsequently issued by the Company to the Bondholder on 20 October 2017. Unless otherwise defined in this announcement, capitalised terms defined in the 2017 Announcement have the same meaning when used in this announcement.

The Board is pleased to announce that on 10 May 2018 (after trading hours), the Company, the Guarantor and the Bondholder entered into the Supplemental Deed, pursuant to which they agreed to the following (collectively, the “**Extension and Revision**”):

- (1) to extend the maturity date of the Convertible Bonds from the First Maturity Date (i.e. 20 October 2018) to the Extended Maturity Date (i.e. 20 October 2019);
- (2) the conversion period during which the conversion rights attached to the Convertible Bonds may be exercised shall be revised from any time after six months from the date of issue of the Convertible Bonds to 5:00 p.m. (Hong Kong time) on the Business Day immediately before the Maturity Date to any time after 19 April 2019 to 5:00 p.m. (Hong Kong time) on the Business Day immediately before the Extended Maturity Date; and
- (3) to revise the terms and conditions of the Convertible Bonds to give effect to the Extension and Revision,

with effect from the date of fulfilment of the Conditions Precedent (the “**Effective Date**”).

The Company shall pay an arrangement fee of HK\$6,000,000 (the “**Arrangement Fee**”) to the Bondholder within 7 Business Days from the date of the Supplemental Deed. The Arrangement Fee shall forthwith be returned to the Company without interest if the Conditions Precedent shall not be fulfilled by the Long Stop Date.

Except for the Extension and Revision, all other terms and conditions of the Convertible Bonds shall remain in full force. The principal terms of the other terms and conditions of the Convertible Bonds are as disclosed in “Principal terms of the Convertible Bond” in the 2017 Announcement.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiry, each of the Bondholder and its ultimate owner remains an Independent Third Party.

The Bondholder as the sole Bondholder also agrees and undertakes with the Company not to effect any transfer, assignment or other disposal of all or any of the Convertible Bonds at any time from the date of the Supplemental Deed up to and including the Effective Date.

### **Conditions Precedent**

The Supplemental Deed is conditional upon fulfilment of the following conditions:

- (1) the Stock Exchange having approved the proposed extension and alterations as contemplated by the Supplemental Deed;
- (2) the Stock Exchange granting its approval for the listing of, and permission to deal in, the Conversion Shares fall to be issued upon exercise of the conversion right attached the Convertible Bonds as amended and supplemented by the Supplemental Deed; and
- (3) the obtaining of all other necessary consents and approvals as may be required under the Listing Rules or by the Stock Exchange.

If any of the Conditions Precedent shall not have been fulfilled by 28 June 2018 (the “**Long Stop Date**”) or such later date as the parties to the Supplemental Deed may agree, the Supplemental Deed shall lapse and the parties to the Supplemental Deed shall release each other from all obligations thereunder save for claim (if any) in respect of any antecedent breach of the Supplemental Deed.

## **THE CONVERSION SHARES**

As at the date of this announcement:

- (1) no Conversion Share has ever been allotted and issued;
- (2) the Conversion Price (which is subject to adjustment) remains at HK\$4.4625 per Conversion Share; and
- (3) the Convertible Bonds remain convertible to 44,817,927 Conversion Shares at a Conversion Price (which is subject to adjustment) of HK\$4.4625 per Conversion Share and assuming that there being no change to the share capital and shareholding structure of the Company save for the allotment and issue of the conversion shares issuable under the Convertible Bonds, the 2017 November CB and the 2018 February CB, represent:
  - (a) approximately 3.60% of the existing issued share capital of the Company as at the date of this announcement and approximately 3.48% of the issued share capital of the Company as enlarged by the allotment and issue of the 44,817,927 Conversion Shares;
  - (b) approximately 3.40% of the issued share capital of the Company as enlarged by the allotment and issue of the 44,817,927 Conversion Shares and full conversion of the 2017 November CB at the initial conversion price of HK\$4.98;
  - (c) approximately 3.30% of the issued share capital of the Company as enlarged by the allotment and issue of the 44,817,927 Conversion Shares and full conversion of the 2017 November CB and 2018 February CB at the initial conversion prices of HK\$4.98 and HK\$4.4625, respectively.

## **ISSUE OF THE CONVERSION SHARES UNDER THE GENERAL MANDATE**

At the 2017 AGM, the Shareholders approved, among other things, the 2017 General Mandate, under which the Directors are authorised to issue up to 235,753,067 new Shares, being 20% of the total number of issued shares of the Company of 1,178,765,339 Shares as at the date of the 2017 AGM.

Upon conclusion of the 2018 AGM, which is scheduled for 23 May 2018, the 2017 General Mandate will be revoked. Upon due approval by the Shareholders of the 2018 General Mandate and on the basis that the total number of Shares in issue of the Company as at the date of this announcement (i.e. 1,243,725,712 Shares) shall remain

unchanged up to and as at the date of the 2018 AGM, the Directors will be authorised to issue up to 248,745,142 new Shares, being 20% of the total number of Shares in issue as at the date of the 2018 AGM. Further particulars of the 2018 General Mandate are contained in the circular of the Company dated 18 April 2018.

Depending on the date when the Supplemental Deed shall become effective or otherwise, the Conversion Shares issuable upon conversion of the Convertible Bonds as amended and supplemented by the Supplemental Deed will either be issued under the 2017 General Mandate or the 2018 General Mandate. In both cases, the Company has general mandate which is sufficient to cover the Conversion Shares issuable upon conversion of the Convertible Bonds as amended and supplemented by the Supplemental Deed. As such, no specific mandate is to be sought from the Shareholders.

## **APPLICATION TO THE STOCK EXCHANGE**

In accordance with Rule 28.05 of the Listing Rules, application will be made by the Company to the Stock Exchange for (1) approval to the proposed Extension and Revision; and (2) granting of the listing of, and permission to deal in, the Conversion Shares fall to be issued upon exercise of the conversion rights attached to the Convertible Bonds as amended and supplemented by the Supplemental Deed.

## **REASON FOR, AND BENEFITS OF, THE SUPPLEMENTAL DEED**

By the Supplemental Deed, the Group is afforded with more flexibility in the deployment of its working capital for its business operations. The Directors consider that the terms and conditions of the Supplemental Deed, which were arrived at after arm's length negotiations between the Company and the Bondholder, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **DEFINITIONS**

In this announcement, unless the context otherwise required, the following terms and expressions have the following meanings when used herein.

“2017 AGM”	the annual general meeting of the Company held on 25 May 2017
“2017 Announcement”	the announcement of the Company dated 16 October 2017 on the Convertible Bonds

“2017 General Mandate”	the general mandate granted to the Directors to allot, issue or otherwise deal with Shares up to a maximum of 20% of the total number of Shares in issue as at the date of the 2017 AGM
“2017 November CB”	the 4.5% guaranteed convertible bonds issued by the Company in the aggregate principal amount of US\$20 million due 2018 to China Silk Road Financial Holding Limited on 13 November 2017, details of which are disclosed in the announcement of the Company dated 3 November 2017
“2018 AGM”	the forthcoming annual general meeting of the Company to held on 23 May 2018, further particulars of which are contained in the circular of the Company dated 18 April 2018
“2018 February CB”	the 4.5% guaranteed convertible bonds issued by the Company in the aggregate principal amount of US\$22 million due 2019 to Donghai International Financial Holdings Company Limited (東海國際金融控股有限公司) on 1 February 2018, details of which are disclosed in the announcement of the Company dated 23 January 2018
“2018 General Mandate”	the general mandate to be granted to the Directors to allot, issue or otherwise deal with Shares up to a maximum of 20% of the total number of Shares in issue as at the date of the 2018 AGM
“Arrangement Fee”	has the meaning as define in “The Supplemental Deed — Proposed extension of the Maturity Date and consequential amendments to the terms and conditions of the Convertible Bonds” in this announcement
“Board”	the board of Directors
“Bondholder”	Central China International Investment Company Limited (中州國際投資有限公司), a company incorporated in Hong Kong with limited liability, who is for the time being registered as the holder of the Convertible Bonds in the register of Bondholders maintained by the Company

“Company”	Youyuan International Holdings Limited (優源國際控股有限公司), an exempted company incorporated under the laws of Cayman Islands whose issued Shares are listed on the main board of the Stock Exchange
“Conditions Precedent”	the conditions precedent to the Supplemental Deed, brief particulars of which are set out in “The Supplemental Deed — Conditions Precedent” in this announcement
“Conversion Shares”	new Shares fall to be allotted and issued by the Company upon exercise of the conversion right attached to the Convertible Bonds
“Convertible Bonds”	4.5% guaranteed convertible bonds due 2018 in the aggregate principal amount of HK\$200 million as announced by the Company in the 2017 Announcement, which were issued by the Company to the Bondholder on 20 October 2017
“Directors”	the directors of the Company
“Effective Date”	has the meaning as defined in “The Supplemental Deed — Proposed extension of the Maturity Date and consequential amendments to the terms and conditions of the Convertible Bonds” in this announcement
“Extension and Revision”	has the meaning as defined in “The Supplemental Deed — Proposed extension of the Maturity Date and consequential amendments to the terms and conditions of the Convertible Bonds” in this announcement
“Group”	the Company and its subsidiaries from time to time
“Guarantor”	Mr. Ke Wentuo, the Chairman, an executive Director and a controlling shareholder of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	party who is not a connected person of the Company and is independent of the Company and its connected persons

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	has the meaning as defined in “The Supplemental Deed - Conditions Precedent” in this announcement
“PRC”	The People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Shares”	ordinary shares of par value of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Deed”	the conditional supplemental deed dated 10 May 2018 entered into among the Company, the Guarantor and the Bondholder varying and revising the terms and conditions of the Convertible Bonds
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Youyuan International Holdings Limited**  
**Ke Wentuo**  
*Chairman*

Hong Kong, 10 May 2018

*As at the date of this announcement, the executive Directors are Mr. Ke Wentuo, Mr. Ke Jixiong, Mr. Cao Xu, Mr. Zhang Guoduan and Ms. Lian Bi Yu and the independent non-executive Directors are Prof. Zhang Daopei, Prof. Chen Lihong and Mr. Chow Kwok Wai.*