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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)

ANNOUNCEMENT PURSUANT TO RULE 13.18 OF THE LISTING RULES

This announcement is made in accordance with Rule 13.18 of the Listing Rules.

On 1 April 2019, the Company obtained a 3.5-year dual currency term loan facility in the principal amount of HK\$351,000,000 and US\$90,500,000 from a syndicate of lenders with HSBC as mandated lead arranger and bookrunner. The Facility Agreement contains provisions which require certain specific performance obligations on the controlling shareholder of the Company, including requiring the controlling shareholder of the Company to maintain a minimum percentage of shareholding in the Company.

This announcement is made by the board of directors (the “**Board**”) of Youyuan International Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) in compliance with the disclosure requirements under Rule 13.18 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

FACILITY AGREEMENT

On 1 April 2019, the Company as borrower and Xi Yuan Paper Limited and Sunwell Trading (HK) Company Limited, the wholly-owned subsidiaries of the Company, as guarantors, entered into a facility agreement (the “**Facility Agreement**”) with a syndicate of lenders with The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”) as mandated lead arranger and bookrunner, with HSBC also acting as the agent. Pursuant to the Facility Agreement, a 3.5-year dual currency term loan facility in the principal amount of HK\$351,000,000 and US\$90,500,000 (the “**Facility**”) was made available to the Company on the terms and conditions stated therein for the purpose of refinancing the existing facilities and other general corporate funding requirements of the Group.

Under the Facility Agreement, it will be an event of default if at any time, on or after the date of the Facility Agreement, the following undertakings are not complied with: Mr. Ke Wentuo (“**Mr. Ke**”), the executive director, chairman and controlling shareholder of the Company, and his associates (as defined in the Listing Rules) collectively, (i) do not or cease to own at least 30% of the, direct or indirect, beneficial shareholding interest in the issued share capital of, and carrying 30% of the voting rights in, the Company, free from any security; (ii) do not or cease to have management control over the Company; (iii) are not or cease to be the single largest shareholder of the Company; and (iv) Mr. Ke is not or ceases to be the chairman of the Board of the Company.

On and at any time after the occurrence of such an event of default which is continuing, the agent may, and shall if so directed by the majority lenders, by notice to the Company:

- (i) cancel the whole or any part of the Facility whereupon the whole or relevant part of the Facility shall immediately be cancelled;
- (ii) declare that all or part of the Facility, together with accrued interest, and all other amounts accrued or outstanding under the Facility Agreement and related documents be immediately due and payable, whereupon they shall become immediately due and payable; and/or
- (iii) declare that all or part of the Facility be payable on demand, whereupon they shall immediately become payable on demand by the agent on the instructions of the majority lenders.

GENERAL

As at the date of this announcement, Mr. Ke, through an entity wholly-owned by him, indirectly holds approximately 53.54% of the issued share capital of the Company and short position in 13.27% of the issued share capital of the Company. Mr. Ke is also deemed to be interested in an additional interest of approximately 2.31% of the issued share capital of the Company, which is indirectly owned by Ms. Cai Lishuang, the spouse of Mr. Ke.

The Company will continue to comply with its disclosure and reporting obligations under the Listing Rules for so long as such obligations remain.

By Order of the Board
Youyuan International Holdings Limited
Ke Wentuo
Chairman

Hong Kong, 1 April 2019

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