

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



Yi Hua Holdings Limited

益華控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2213)

PLACING OF BONDS

Placing Agent



PLACING OF BONDS

This announcement is made by the Company pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), and Rule 13.09(2)(a) of the Listing Rules.

On 23 June 2017 (after trading hours of the Stock Exchange), the Placing Agent and the Company entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure, on a best efforts basis, Places to subscribe in cash for the Bonds in an aggregated principal amount of up to HK\$50,000,000 during Placing Period.

The Placing Completion is subject to, among others, the rights of the Placing Agent and the Company to terminate the Placing Agreement pursuant to the terms thereof. Accordingly, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

This announcement is made by the Company pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), and Rule 13.09(2)(a) of the Listing Rules.

THE PLACING AGREEMENT

On 23 June 2017 (after trading hours of the Stock Exchange), the Placing Agent and the Company entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure, on a best efforts basis, Placees to subscribe in cash for the Bonds in an aggregated principal amount of up to HK\$50,000,000 during Placing Period. Salient terms of the Placing Agreement are summarised below:

Date : 23 June 2017

Issuer : The Company

Placing Agent : The Placing Agent

To the best of the Director's knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, each of the Placing Agent and its ultimate beneficial owners is an Independent Third Party.

Placees : The Bonds will be placed to the Placees who and whose ultimate beneficial owners shall be Independent Third Parties.

Aggregate Principal Amount : Up to HK\$50,000,000

Placing Period : A period of three months commencing from the date of the Placing Agreement, or such other period as may be agreed between the Company and the Placing Agent in writing.

- Placing Completion : Subject to the termination rights of the Placing Agent and the Company, under the Placing Agreement and the Placing Agent having served a completion notice on any Business Day during the Placing Period, the Placing Completion shall take place, in respect of the Bonds which are set out in the completion notice, at 4:00 p.m. (Hong Kong time) on each Placing Completion Date. In order to be valid, the completion notice shall:
- (a) specify whether Bonds (I) and/or Bonds (II) are to be issued by the Company;
 - (b) require the issue of Bonds of an aggregate principal amount not less than HK\$1,000,000 and subsequence for integral multiples of HK\$500,000 thereof;
 - (c) not, when aggregated with the principal amount of Bonds then issued or required to be issued under other completion notices, exceed HK\$50,000,000; and
 - (d) state the names, addresses and occupation of the registered holder(s) of the relevant Bonds.

Conditions precedent

The obligations of the Placing Agent under the Placing Agreement are conditional upon the following conditions having been fulfilled within five Business Days from the date of the Placing Agreement (or such later time and date as the Placing Agent and the Company shall agree in writing):

- (a) all necessary consents and approvals required to be obtained by the Company and the Placing Agent in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
- (b) there being no event of default (as defined in the instrument constituting the Bonds) having been occurred or occurring.

Save as the condition specified in (b) above which can be waived by the Placing Agent at any time in writing, all conditions referred to above are incapable of being waived. If any of the above conditions are not fulfilled (or, as the case may be, waived by the Placing Agent) within five Business Days or such later time or date as may be agreed between the Placing Agent and the Company in writing, each of the Company and the Placing Agent may, at any time thereafter, terminate its obligations under the Placing Agreement by notice in writing to the other party, whereupon the obligations of each of the Company and the Placing Agent under the Placing Agreement shall forthwith cease and terminate and neither the Company nor the Placing Agent shall have any claim against any of the others, save for any antecedent breach thereof.

Termination

The Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by notice to the Company given at any time prior to the expiry of the Placing Period, terminate the Placing Agreement if, in the reasonable opinion of the Placing Agent, the success of the Placing contemplated thereunder would be materially and adversely affected by:

- (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Placing Agreement) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and makes it inexpedient or inadvisable to proceed with the Placing; or
- (iii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Placing Agent is likely to materially or adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any suspension in the trading of the Company's securities on the Stock Exchange for a period of more than 15 consecutive Business Days, excluding any suspension in connection with the clearance of this announcement, circular or other documents in connection with the subscription contemplated under the Placing Agreement; or
- (vi) any material breach of any of the warranties given by the Company under the Placing Agreement comes to the knowledge of the Placing Agent.

In the event that the Placing Agent terminates the Placing Agreement prior to the expiry of the Placing Period by serving the abovementioned notice, the obligations of all parties under the Placing Agreement shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches. For the avoidance of doubt, such termination shall be without prejudice to any rights of any party prior to termination and shall not affect the rights and obligations of the parties under the Placing Agreement in respect of any completion notice(s) (if any) served prior to such termination and the parties will be required to proceed with Placing Completion in accordance with any completion notice(s) (if any) served prior to such termination.

In addition, the Company may also by giving one-month notice in advance to the Placing Agent prior to the expiry of the Placing Period, terminate the Placing Agreement in the absolute opinion of the Company.

PRINCIPAL TERMS OF THE BONDS

Salient terms of the Bonds are summarised below:

| | | |
|----------------------------|---|---|
| Aggregate principal amount | : | Up to HK\$50,000,000 |
| Denomination | : | Denominated in Hong Kong dollars and shall be issued in principal amounts of HK\$500,000 each |
| Interest | : | 6.5% per annum for two years for Bonds (I) and 7% per annum for three years for Bonds (II), accrued daily on a 365 days' basis, payable annually for Bonds (I) and semi-annually for Bonds (II) in arrears, from and including the date of issue of the Bonds on the outstanding principal amount thereof. |
| Maturity date | : | Bonds (I): The date falling on (or, if that is not a Business Day, the first Business Day thereafter) the second anniversary of the date(s) of issue of the relevant Bonds for Bonds (I). Bonds (II): the date (or if that is not a Business Day, the first Business Day thereafter) falling on the third anniversary of the date of issue of the relevant Bonds for Bonds (II). |

- Early redemption : The Company may at any time before the maturity date and from time to time by serving at least ten days' prior written notice on the Bondholder with the total amount proposed to be redeemed from the Bondholder specified therein, redeem the Bond (in whole or in part) at 100% of the total amount of such Bond together with payment of interests accrued up to the date of such early redemption.
- Event of Default : If any of the events of default as described in the terms and conditions of the Bonds occurs, a Bondholder may give notice in writing to the Company that the Bonds are immediately due and repayable and upon any such notice being given to the Company, the Bonds will immediately become due and repayable at their principal amount.
- Status of Bonds : The Bonds will constitute direct, unconditional, unsubordinated, unsecured and guaranteed obligations of the Company which will rank *pari passu* and without any preference among themselves, and the payment obligations of the Bonds shall, save for such exceptions as may be provided by applicable legislations, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Company.
- Transferability : The Bonds may be transferred in whole multiples of HK\$500,000 (or such lesser amount as may represent the entire principal comment thereof). Except with the consent of Company and in compliance with all applicable laws, rules and regulations, including but not limited to the Listing Rules, the Bonds may not be transferred to any connected person of the Company.
- Listing : No application will be made for the listing of the Bonds on the Stock Exchange or any other stock exchange.

The terms of Bonds were determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market conditions.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the operation of department stores, which also includes operation of supermarkets, and electrical appliances stores, as well as property investment and property development, in the PRC.

Assuming the Bonds are placed in full, the maximum gross proceeds from the Placing will be HK\$50,000,000. The net proceeds from the Placing (after deducting the placing commission and other related costs and expenses) will be applied to expand the existing business of the Group and as general working capital of the Group.

The Board considers the Placing is in the best interests of the Company and the Shareholders as a whole.

The Placing Completion is subject to, among others, the rights of the Placing Agent and the Company to terminate the Placing Agreement pursuant to the terms thereof. Accordingly, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

| | |
|-----------------|--|
| “Board” | the board of Directors |
| “Bonds” | (i) the Bonds (I); and/or (ii) the Bonds (II), all of which are unlisted with the combined aggregate principal amount of up to HK\$50,000,000, in multiple tranches to be placed pursuant to the Placing Agreement during the Placing Period |
| “Bonds (I)” | the two-year 6.5% coupon unlisted bonds to be issued by the Company to be placed pursuant to the Placing Agreement |
| “Bonds (II)” | the three-year 7% coupon unlisted bonds to be issued by the Company to be placed pursuant to the Placing Agreement |
| “Bondholder(s)” | the holder(s) of the Bonds whose name a Bond is registered in the register of Bondholders |

| | |
|--------------------------------|--|
| “Business Day(s)” | any day (excluding a Saturday, Sunday and other public holidays) on which commercial banks in Hong Kong are generally open for business throughout their normal business hours |
| “Company” | Yi Hua Holdings Limited (益華控股有限公司), a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange |
| “connected person(s)” | has the meaning as defined under the Listing Rules |
| “Director(s)” | director(s) of the Company from time to time |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party(ies)” | third party(ies) which/who is/are not a connected person of the Company and is/are independent of the Company and its connected persons |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Placee(s)” | any person or entity to whom the Placing Agent or its agent shall procure or, as the case may be, shall have procured to subscribe for the Bonds on a best efforts basis pursuant to the Placing Agreement |
| “Placing” | the placing of the Bonds by the Placing Agent on a best effort basis during the Placing Period pursuant to the terms of the Placing Agreement |
| “Placing Agent” | Victory Securities Company Limited, a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |

| | |
|------------------------------|--|
| “Placing Agreement” | the placing agreement dated 23 June 2017 and entered into among the Company and the Placing Agent in relation to the Placing |
| “Placing Completion” | completion of each tranche of subscription of the Bonds in accordance with the terms and condition of the Placing Agreement |
| “Placing Completion Date(s)” | the date(s) of Placing Completion |
| “Placing Period” | a period of three months commencing from the date of the Placing Agreement, or such other period as may be agreed between the Company and the Placing Agent in writing |
| “Share(s)” | ordinary share(s) of HK\$0.005 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent. |

By Order of the Board
Yi Hua Holdings Limited
Fan Xinpei
Chief Executive Officer and Executive Director

Hong Kong, 23 June 2017

As at the date of this announcement, the executive Directors are Mr. Chen Jianren, Mr. Fan Xinpei, Mr. Su Weibing, Mr. Lin Guangzheng, Mr. Chen Zhengtao and Mr. Leung Wai Kwan; the non-executive Director is Mr. Chen Daren; and the independent non-executive Directors are Mr. Sun Hong, Mr. Xu Yinzhou, Ms. Hung Wan Fong, Joanne and Ms. Lai Pou Lam, Mina.