

*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.*



## **WAI YUEN TONG MEDICINE HOLDINGS LIMITED**

**(位元堂藥業控股有限公司\*)**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 897)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF NOTES**

#### **THE ACQUISITION**

The Board announces that on 4 December 2019, Suntech Investments, an indirect wholly-owned subsidiary of the Company, placed an order to acquire the Notes to be issued by the Issuer in the aggregate principal amount of US\$3.0 million (equivalent to approximately HK\$23.58 million) for a total consideration of US\$3.0 million (equivalent to approximately HK\$23.58 million).

#### **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition by Suntech Investments (as aggregated with previous acquisition by the Group of debt securities issued by the Issuer) exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

\* *For identification purpose only*

## THE ACQUISITION

On 4 December 2019, Suntech Investments, an indirect wholly-owned subsidiary of the Company, placed an order to acquire the Notes to be issued by the Issuer in the aggregate principal amount of US\$3.0 million (equivalent to approximately HK\$23.58 million) for a total consideration of US\$3.0 million (equivalent to approximately HK\$23.58 million).

<b>Issue date of the Notes:</b>	The Notes are to be issued under an indenture to be dated as of 10 December 2019 among the Issuer, certain subsidiary guarantors and the trustee of the Notes and delivery of the Notes is expected to be made on or about 10 December 2019.
<b>Issuer:</b>	Redco Properties Group Limited (力高地產集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1622) which is rated “B” by Standard & Poor’s Ratings Services and “B” by Fitch Ratings as of the date of this announcement. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Redco Properties Group Limited (力高地產集團有限公司) is a third party independent of the Company and its connected persons.
<b>Total issue size:</b>	US\$250.0 million
<b>Principal amount of Notes acquired:</b>	US\$3.0 million (equivalent to approximately HK\$23.58 million).
<b>Issue price for the Notes acquired:</b>	US\$3.0 million (equivalent to approximately HK\$23.58 million) to be settled in cash, representing 100.0% of the principal amount of the Notes acquired.
<b>Maturity date:</b>	8 December 2020, subject to early redemption provisions as set out in the terms of the Notes.
<b>Coupon rate:</b>	11.5% per annum from and including 10 December 2019 payable in arrears on 10 June 2020 and 8 December 2020.

**Security:**

The Issuer has pledged/procured the pledging of capital stock of certain of its subsidiaries as security for its existing *pari passu* secured indebtedness and such collateral will also be extended to secure the obligations of the Issuer under the Notes, subject to sharing on a *pari passu* basis pursuant to the terms of a related intercreditor agreement entered into by, amongst others, the Issuer and the trustee in respect of the Notes.

The Notes are also guaranteed by certain subsidiaries of the Issuer.

**Ranking of the Notes:**

The Notes are (1) general obligations of the Issuer; (2) senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes; (3) at least *pari passu* in right of payment with certain existing *pari passu* secured indebtedness of the Issuer and all other unsecured, unsubordinated indebtedness of the Issuer (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by certain subsidiaries of the Issuers on a senior basis, subject to certain limitations; (5) effectively subordinated to the secured obligations (if any, other than certain permitted *pari passu* secured indebtedness) of the Issuer and the subsidiaries of the Issuer which are providing guarantees under the Notes, to the extent of the value of the assets serving as security therefor (other than the collateral securing the Notes); and (6) effectively subordinated to all existing and future obligations of the subsidiaries of the Issuer which are not providing guarantees under the Notes.

**Optional redemption:**

The Notes may be redeemed in the following circumstances:

- (1) At any time and from time to time following the completion by the Issuer of registration of foreign debt with the National Development and Reform Commission of the PRC, the Issuer may redeem the Notes, in whole or in part, at a redemption price equal to 101% of the principal amount of the Notes, together with accrued and unpaid interest, if any, to (but not including) the redemption date.
- (2) At any time prior to 8 December 2020, the Issuer may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus applicable premium as of, and together with accrued and unpaid interest, if any, to (but not including) the redemption date.
- (3) At any time and from time to time prior to 8 December 2020, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Issuer in an equity offering at a redemption price of 111.5% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

**Repurchase upon change of control:**

Upon the occurrence of certain events constituting a change of control of the Issuer as result of which there is a decline in the rating of the Notes, the Issuer must make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but not including) the repurchase date.

**Events of default:** The Notes contain certain provisions relating to events of default, including but not limited to default in the payment of principal, or of any premium, on the Notes, when such payments become due, default in payment of interest which continues for 30 consecutive days, breaches of covenants, cross defaults, unpaid judgment debt and insolvency.

**Listing:** The Notes are to be listed on the SGX-ST

The Acquisition is funded by internal resources of the Group.

## **INFORMATION OF THE GROUP**

The Group is principally engaged in (i) the manufacturing, processing and retailing of traditional Chinese medicine which includes Chinese medicinal products sold under the brand name of “Wai Yuen Tong” and a range of products manufactured by selected medicinal materials with traditional prescription, mainly in the PRC and Hong Kong; (ii) the processing and retailing of western pharmaceutical products and personal care products under the brand names of “Madame Pearl’s” and “Pearl’s”; and (iii) property investment.

Suntech Investments is principally engaged in investment holding. It is an indirect wholly-owned subsidiary of the Company.

## **INFORMATION OF THE ISSUER**

The Issuer is a company incorporated in the Cayman Islands with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1622). The Issuer and its subsidiaries are principally engaged in residential and commercial property development, with primary focus on residential property development in the PRC.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Acquisition forms part of the Group’s treasury activities in managing its surplus liquidity and presents an opportunity for the Group to balance and diversify its investment portfolio, in addition to generating a stable return to the Group. In light of the terms of the Notes including the price of the Acquisition, the coupon rate, the maturity date and the credit rating of the Issuer, the Directors (including independent non-executive Directors) are of the view that the terms of the Notes are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

## LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition by Suntech Investments (as aggregated with previous acquisition by the Group of debt securities issued by the Issuer) exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

## DEFINITIONS

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

“Acquisition”	the placing of an order by Suntech Investments on 4 December 2019 to acquire the Notes in the principal amount of US\$3.0 million (equivalent to approximately HK\$23.58 million) for a total consideration of US\$3.0 million (equivalent to approximately HK\$23.58 million)
“Board”	the board of Directors
“Company”	Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*), an exempted company incorporated in Bermuda with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897)
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

\* For identification purpose only

“Issuer”	Redco Properties Group Limited (力高地產集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1622) which is rated “B” by Standard & Poor’s Ratings Services and “B” by Fitch Ratings as of the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	11.5% senior notes due 8 December 2020 to be issued by the Issuer
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shareholder(s)”	the holder(s) of the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Suntech Investments”	Suntech Investments Limited, an indirect wholly-owned subsidiary of the Company and a company incorporated in the British Virgin Islands with limited liability, which is principally engaged in investment holding
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

*For illustration purposes, amounts in US\$ in this announcement have been translated into HK\$ at the rate of US\$1 = HK\$7.86 as quoted by the Hong Kong Association of Banks as of the date of this announcement.*

By Order of the Board  
**WAI YUEN TONG MEDICINE HOLDINGS LIMITED**  
(位元堂藥業控股有限公司\*)  
**Chan Chun Hong, Thomas**  
*Executive Director*

Hong Kong, 4 December 2019

*As at the date of this announcement, the executive Directors are Mr. Tang Ching Ho, Mr. Chan Chun Hong, Thomas, Ms. Tang Mui Fun and Ms. Tang Wai Man, and the independent non-executive Directors are Mr. Leung Wai Ho, Mr. Siu Man Ho, Simon, Mr. Cho Wing Mou and Mr. Li Ka Fai, David.*

\* *For identification purpose only*