

*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.*



# 萬桐園

**CHINA WAN TONG YUAN (HOLDINGS) LIMITED**

**中國萬桐園(控股)有限公司**

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

**(Stock code: 6966)**

## **MAJOR AND CONNECTED TRANSACTION EXTENSION OF LOAN**

Reference is made to the announcement of the Company dated 7 May 2021 and the circular of the Company dated 4 June 2021 (the “**Circular**”) in relation to the Loan Agreement.

### **BACKGROUND**

On 7 May 2021, the Company as lender and China VAST as borrower entered into the Loan Agreement, pursuant to which the Company has conditionally agreed to provide the Loan in the principal amount of RMB100,000,000 (or its equivalent in Hong Kong dollars) to China VAST for a term of one year at an interest rate of 12% per annum.

As disclosed in the Circular, the Original Repayment Date is the date falling twelve (12) months after the Drawdown Date or such other date as agreed in writing between China VAST and the Company. Should the parties agree to extend the Original Repayment Date beyond twelve (12) months after the Drawdown Date, the Company will re-comply with all relevant Listing Rules requirements, including the relevant requirements under Chapter 14 and Chapter 14A of the Listing Rules.

### **EXTENSION OF LOAN**

On 16 May 2022, the Company and China VAST entered into the Deed of Extension, pursuant to which the parties have conditionally agreed that, among others, with effect from the Effective Date, the Original Repayment Date shall be extended for a period of 24 months to the Extended Repayment Date.

Save for the Extension of Loan and other amendments disclosed herein, all the material terms and conditions of the Loan Agreement shall remain in full force and effect.

### **LISTING RULES IMPLICATIONS**

As the Extension of Loan constitutes an advance to an entity which exceeds 8% under the asset ratio defined under Rule 14.07(1) of the Listing Rules, pursuant to Rule 13.13 of the Listing Rules, a general disclosure obligation of the Company arises in respect of the Loan and the Extension of Loan.

As at the date of this announcement, Ms. Zhao Ying is a Director and is, through The Hope Trust, interested in 700,000,000 Shares, representing 70% of the issued share capital of the Company. She is also, through The Hope Trust and Profit East, interested in an aggregate of 727,845,654 shares of China VAST, representing 44.08% of the issued share capital of China VAST. Accordingly, Ms. Zhao Ying is a controlling shareholder of both the Company and China VAST and China VAST is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

As one or more of the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan under the Loan Agreement exceed 25% but all are less than 75%, the Extension of Loan constitutes a major and connected transaction of the Company under Chapter 14 and Chapter 14A of the Listing Rules, and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

### **INDEPENDENT BOARD COMMITTEE**

An Independent Board Committee comprising Mr. Cheung Ying Kwan and Mr. Choi Hon Keung, Simon, being all the independent non-executive Directors except Dr. Wong Wing Kuen, Albert who is deemed to have a material interest in the Extension of Loan by virtue of his position as an independent non-executive director of China VAST, will be formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Extension of Loan.

### **INDEPENDENT FINANCIAL ADVISER**

First Shanghai Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Extension of Loan.

### **GENERAL**

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Extension of Loan.

As at the date of this announcement, Tai Shing International Investment Company Limited is beneficially interested in 700,000,000 Shares, representing 70% of the issued share capital of the Company. As Tai Shing International Investment Company Limited is indirectly wholly-owned by TMF (Cayman) Ltd., the trustee of The Hope Trust (a discretionary trust founded by Ms. Zhao Ying who can influence how the trustee exercises its discretion), it and its associates are deemed to have a material interest in and will be required under the Listing Rules to abstain from voting on the relevant resolution(s) in relation to the Extension of Loan at the EGM.

Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Extension of Loan and is therefore required to abstain from voting at the EGM for the relevant resolution(s).

A circular containing, *inter alia*, (i) details of the Deed of Extension and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Extension of Loan; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Extension of Loan; (iv) other information required to be included in the circular under the Listing Rules; and (v) a notice convening the EGM is expected to be despatched to the Shareholders on or before 6 June 2022.

**Shareholders and potential investors of the Company should be aware that the Extension of Loan is subject to the satisfaction or waiver (as applicable) of certain conditions precedent, and therefore the Extension of Loan may or may not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisers.**

Reference is made to the announcement of the Company dated 7 May 2021 and the Circular in relation to the Loan Agreement.

## **BACKGROUND**

On 7 May 2021, the Company as lender and China VAST as borrower entered into the Loan Agreement, pursuant to which the Company has conditionally agreed to provide the Loan in the principal amount of RMB100,000,000 (or its equivalent in Hong Kong dollars) to China VAST for a term of one year at an interest rate of 12% per annum.

As disclosed in the Circular, the Original Repayment Date is the date falling twelve (12) months after the Drawdown Date or such other date as agreed in writing between China VAST and the Company. Should the parties agree to extend the Original Repayment

Date beyond twelve (12) months after the Drawdown Date, the Company will re-comply with all relevant Listing Rules requirements, including the relevant requirements under Chapter 14 and Chapter 14A of the Listing Rules.

The Loan has been drawn by China VAST on the Drawdown Date (i.e. 2 July 2021) and the Original Repayment Date is therefore 1 July 2022. All amounts borrowed by China VAST under the Loan shall be used for general working capital and shall not be used for any other purposes.

### **EXTENSION OF LOAN**

On 16 May 2022, the Company and China VAST entered into the Deed of Extension, pursuant to which the parties have conditionally agreed that, among others, with effect from the Effective Date, the Original Repayment Date shall be extended for a period of 24 months to the Extended Repayment Date.

The principal terms of the Deed of Extension are set out below:

#### **Date**

16 May 2022

#### **Parties**

1. the Company, as lender; and
2. China VAST, as borrower

As at the date of this announcement, Ms. Zhao Ying is a Director and is, through The Hope Trust, interested in 700,000,000 Shares, representing 70% of the issued share capital of the Company. She is also, through The Hope Trust and Profit East, interested in an aggregate of 727,845,654 shares of China VAST, representing 44.08% of the issued share capital of China VAST. Accordingly, Ms. Zhao Ying is a controlling shareholder of both the Company and China VAST and China VAST is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

#### **Extension of Loan**

Pursuant to the Deed of Extension, it was mutually agreed by the parties that, among others, subject to the fulfillment of the conditions precedent under the Deed of Extension, the Original Repayment Date shall be extended for a period of 24 months to the Extended Repayment Date with effect from the Effective Date.

## **Interest**

China VAST shall on the Original Repayment Date pay interest on the Loan accruing from and including the Drawdown Date to and including the Original Repayment Date.

The interest rate remains unchanged at 12% per annum.

Interest on the Loan (as extended) shall accrue at the interest rate of 12% from and including the Effective Date to and including the Extended Repayment Date and shall be calculated on the basis of the actual number of days elapsed and a year of 365 days.

China VAST shall pay interest annually in arrears on the first anniversary of the Effective Date (i.e. 2 July 2023) and the second anniversary of the Effective Date (i.e. 2 July 2024).

## **Guarantee**

The Guarantor and the Company have confirmed that the Guarantee remains to be effective to secure the payment of all sums outstanding under the Loan Agreement (as amended and supplemented by the Deed of Extension) and the performance of China VAST of all its obligations under the Loan Agreement (as amended and supplemented by the Deed of Extension).

## **Conditions Precedent**

The Deed of Extension shall only become effective on the Effective Date upon the fulfilment of all the following conditions precedent:

- (a) The representations and warranties of China VAST contained in the Loan Agreement shall be true and correct in all material respects on and as of the date of the Deed of Extension and the Effective Date (with the same effect as if made on and as of such date), and no event of default shall have occurred and be continuing; and China VAST shall be in compliance in all material respects with all terms and conditions set forth in the Loan Agreement (as amended and supplemented by the Deed of Extension).
- (b) The approval by the Independent Shareholders of the Deed of Extension and the transactions contemplated thereunder at the EGM in accordance with, and all other consents and acts required under, the Listing Rules being obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange.
- (c) The compliance with any other requirements under the Listing Rules or otherwise of the Stock Exchange or other regulatory authorities or any applicable laws and regulations which requires compliance at any time on or prior to the Effective Date (whether applicable to the Company or China VAST).

- (d) (If required) all requisite waivers, consents and approvals from any relevant governmental authority or regulatory authorities or other relevant third parties, in connection with the Deed of Extension and the transactions contemplated thereunder having been obtained.
- (e) The obligations of the Guarantor under the Guarantee remaining valid and effective in accordance with its terms, and the Guarantee not having been terminated in accordance with its terms or otherwise.
- (f) China VAST having on the Original Repayment Date paid interest on the Loan accruing from and including the Drawdown Date to and including Original Repayment Date.

Other than conditions precedent (b), (c), (d) and (e), all the conditions precedent may be waived by the Company in its sole and absolute discretion.

The terms of the Deed of Extension are agreed upon by the parties after arm's length negotiations and having regard to the prevailing market terms, the financial background of China VAST, commercial practices and the Guarantee provided by the Guarantor.

Save for the Extension of Loan and other amendments disclosed herein, all the material terms and conditions of the Loan Agreement shall remain in full force and effect.

#### **REASONS AND BENEFITS FOR THE EXTENSION OF LOAN**

The Board has taken into account a number of factors before entering into the Deed of Extension:

- (i) as disclosed in the annual report of the Company published on 27 April 2022, as at 31 December 2021, the Company had bank balances and cash of approximately RMB84.4 million. As at 31 December 2021, the gearing ratio of the Group, being total liabilities to total assets, was 32.6%, which indicates the Group's healthy liquidity position. The Group also had no material contingent liabilities as at 31 December 2021. As at the date of this announcement, the Group has no significant capital commitments and has not identified any quality and attractive investments opportunities consistent with the business plan, development strategy and risk appetite of the Group for the utilization of its idle funds (including the outstanding principal amount under the Loan due to be repaid on the Original Repayment Date).
- (ii) the Extension of Loan would enable the Company to generate reasonable return for its idle funds pending deployment of such funds for the Group's business development needs after the maturity of the Loan. The Loan (as extended) carries an interest at the rate of 12% per annum, with the benefit of the Guarantee in favour of the Company. The Loan will provide interest income to the Group at an interest

rate higher than those available to the Group under short-term deposits and low-risk wealth management products. It is the Company's view that the Extension of Loan will not affect the working capital or daily operations of the Group.

- (iii) based on the Company's due diligence enquiries and review of documents and/or information, to the best of the knowledge of the Company, China VAST has a good credit history with sizable assets in the context of the Loan and the Directors considered the risk of default by China VAST is remote. Based on the consolidated audited financial statements as at 31 December 2021 of the China VAST Group, the net assets value and net current assets value of the China VAST Group amounted to approximately RMB6.2 billion and RMB4.4 billion respectively.
- (iv) under the Extension of Loan, the Loan (as extended) will continue to have the benefit of the Guarantee. As at the date of this announcement, the Guarantor holds 43.79% of the shares of China VAST, a company the shares of which are listed on the Stock Exchange having a market capitalisation of approximately HK\$29 billion as at the date of this announcement (based on the average closing price per share for the immediately preceding five trading days).
- (v) as compared with other investment opportunities, such as equity investments which generally have longer financial return cycle and high-yield debts which generally have higher default risks, the Loan (as extended) provides a more predictable interest income and higher certainty in terms of timeline of capturing the interest income.

Based on the above, despite the Extension of Loan is not in the ordinary and usual course of business of the Company, the Directors (other than members of the Independent Board Committee who will express their views after considering the advice from the Independent Financial Adviser) consider that the Extension of Loan is on normal commercial terms, and that the terms of the Deed of Extension and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As (i) Ms. Zhao Ying (chairman of the Company and a non-executive Director) is a controlling shareholder of China VAST; (ii) Ms. Wang Wei (an executive Director) is daughter of Ms. Zhao Ying and an executive director of China VAST; and (iii) Dr. Wong Wing Kuen, Albert (an independent non-executive Director) is an independent non-executive director of China VAST; each of the above-mentioned Directors is deemed to have a material interest in the Deed of Extension and the transactions contemplated thereunder and has accordingly abstained from voting on the resolution(s) of the Board in connection with the Deed of Extension and the transactions contemplated thereunder.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, none of the other Directors have or are deemed to have a material interest in the Deed of Extension and the transactions contemplated thereunder.

## **INFORMATION ON THE PARTIES**

### **Information of the Company and the Group**

The Company is an investment holding company and the Group is primarily engaged in the sale of burial plots and columbarium units, provision of other burial-related services and provision of cemetery maintenance services.

### **Information of China VAST**

China VAST is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 6166). It is one of the pioneer service providers in the planning, development and operation of large-scale industrial towns (產業市鎮) in China. The China VAST Group is principally engaged in the business of industrial towns development, property development and property leasing.

As at the date of this announcement, Ms. Zhao Ying is a controlling shareholder of China VAST and is through The Hope Trust and Profit East, interested in an aggregate of 727,845,654 shares of China VAST, representing 44.08% of the issued share capital of China VAST. China VAST is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

### **Information of the Guarantor**

The Guarantor is a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is directly and ultimately and beneficially owned by Ms. Zhao Ying. The Guarantor is therefore a connected person of the Company under Chapter 14A of the Listing Rules. As at the date of this announcement, the Guarantor holds 723,092,654 shares of China VAST (representing approximately 43.79% of the issued share capital of China VAST) and is principally engaged in investment holding.

## **FINANCIAL EFFECT**

### **Assets**

The Loan will continue to be recorded as loan receivables under current assets of the Company. The total assets of the Group will remain unchanged.

### **Liabilities**

The Extension of Loan is not expected to have any influence on the liabilities of the Group.



## **Earnings**

The Group is expected to recognise an annual interest income of RMB12,000,000 (RMB24,000,000 in total during the term of the Deed of Extension, assuming there is no early repayment).

Save as disclosed above, there would be no material effect on the Group's assets and liabilities and earnings as a result of the Deed of Extension and the transactions contemplated thereunder.

## **LISTING RULES IMPLICATIONS**

As the Extension of Loan constitutes an advance to an entity which exceeds 8% under the asset ratio defined under Rule 14.07(1) of the Listing Rules, pursuant to Rule 13.13 of the Listing Rules, a general disclosure obligation of the Company arises in respect of the Loan and the Extension of Loan.

As at the date of this announcement, Ms. Zhao Ying is a Director and is, through The Hope Trust, interested in 700,000,000 Shares, representing 70% of the issued share capital of the Company. She is also, through The Hope Trust and Profit East, interested in an aggregate of 727,845,654 shares of China VAST, representing 44.08% of the issued share capital of China VAST. Accordingly, Ms. Zhao Ying is a controlling shareholder of both the Company and China VAST and China VAST is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

As one or more of the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan under the Loan Agreement exceed 25% but all are less than 75%, the Extension of Loan constitutes a major and connected transaction of the Company under Chapter 14 and Chapter 14A of the Listing Rules, and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

## **INDEPENDENT BOARD COMMITTEE**

An Independent Board Committee comprising Mr. Cheung Ying Kwan and Mr. Choi Hon Keung, Simon, being all the independent non-executive Directors except Dr. Wong Wing Kuen, Albert who is deemed to have a material interest in the Extension of Loan by virtue of his position as an independent non-executive director of China VAST, will be formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Extension of Loan.

## **INDEPENDENT FINANCIAL ADVISER**

First Shanghai Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Extension of Loan.

## GENERAL

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Extension of Loan.

As at the date of this announcement, Tai Shing International Investment Company Limited is beneficially interested in 700,000,000 Shares, representing 70% of the issued share capital of the Company. As Tai Shing International Investment Company Limited is indirectly wholly-owned by TMF (Cayman) Ltd., the trustee of The Hope Trust (a discretionary trust founded by Ms. Zhao Ying who can influence how the trustee exercises its discretion), it and its associates are deemed to have a material interest in and will be required under the Listing Rules to abstain from voting on the relevant resolution(s) in relation to the Extension of Loan at the EGM.

Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Extension of Loan and is therefore required to abstain from voting at the EGM for the relevant resolution(s).

A circular containing, *inter alia*, (i) details of the Deed of Extension and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Extension of Loan; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Extension of Loan; (iv) other information required to be included in the circular under the Listing Rules; and (v) a notice convening the EGM is expected to be despatched to the Shareholders on or before 6 June 2022.

**Shareholders and potential investors of the Company should be aware that the Extension of Loan is subject to the satisfaction or waiver (as applicable) of certain conditions precedent, and therefore the Extension of Loan may or may not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisers.**

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“China VAST”	China VAST Industrial Urban Development Company Limited (中國宏泰產業市鎮發展有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange with stock code 6166
“China VAST Group”	China VAST and its subsidiaries
“Company”	China Wan Tong Yuan (Holdings) Limited (中國萬桐園(控股)有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Deed of Extension”	the deed of extension entered into between the Company as lender and China VAST as borrower dated 16 May 2022 relating to the Extension of Loan
“Director(s)”	the director(s) of the Company
“Drawdown Date”	2 July 2021
“Effective Date”	2 July 2022
“EGM”	an extraordinary general meeting of the Company to be held for the Independent Shareholders to consider, and if thought fit, approve the Extension of Loan
“Extended Repayment Date”	the date falling 24 months after the Effective Date or such other date as agreed in writing between China VAST and the Company
“Extension of Loan”	the extension of the Original Repayment Date for a period of 24 months to the Extended Repayment Date under the Deed of Extension
“Group”	the Company and its subsidiaries

“Guarantee”	a guarantee and indemnity provided by the Guarantor and in favour of the Company to secure the payment of all sums outstanding under the Loan Agreement (as amended and supplemented by the Deed of Extension) and the performance of China VAST of all its obligations under the Loan Agreement (as amended and supplemented by the Deed of Extension) pursuant to a deed of guarantee entered into between the Company as lender and the Guarantor as guarantor on 7 May 2021 (the “ <b>Deed of Guarantee</b> ”)
“Guarantor” or “Profit East”	Profit East Limited (利東有限公司), a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is legally and beneficially owned by Ms. Zhao Ying
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent Board committee of the Company comprising Mr. Cheung Ying Kwan and Mr. Choi Hon Keung, Simon, being all the independent non-executive Directors except Dr. Wong Wing Kuen, Albert who is deemed to have a material interest in the Extension of Loan by virtue of his position as an independent non-executive director of China VAST, formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Extension of Loan
“Independent Financial Adviser”	First Shanghai Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Extension of Loan
“Independent Shareholders”	Shareholders other than Tai Shing International Investment Company Limited, Ms. Zhao Ying and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the principal amount of RMB100,000,000 (or its equivalent in Hong Kong dollars) lent to China VAST by the Company on the terms and subject to the conditions set out in the Loan Agreement

“Loan Agreement”	the loan agreement entered into between the Company as lender and China VAST as borrower dated 7 May 2021 relating to the Loan
“Original Repayment Date”	the date falling twelve (12) months after the Drawdown Date, i.e. 1 July 2022
“PRC”	the People’s Republic of China, for the purpose of this circular only, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“SFO”	Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“The Hope Trust”	an irrevocable discretionary trust with TMF (Cayman) Ltd. as trustee for the benefit of Ms. Zhao Ying and her issue. Ms. Zhao Ying is the sole settlor and sole member of The Hope Trust’s protective committee, and is the founder of The Hope Trust who can influence how the trustee exercises its discretion under Part XV of the SFO
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By order of the Board  
**China Wan Tong Yuan (Holdings) Limited**  
**Zhao Ying**  
*Chairman*

Hong Kong, 16 May 2022

*As at the date of this announcement, the Board of the Company comprises the chairman and non-executive Director of the Company, namely Ms. Zhao Ying, three executive Directors of the Company, namely Ms. Li Xingying, Ms. Wang Wei and Mr. Huang Peikun, and three independent non-executive Directors of the Company, namely Mr. Cheung Ying Kwan, Dr. Wong Wing Kuen, Albert and Mr. Choi Hon Keung, Simon.*