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禹洲地產股份有限公司

YUZHOU PROPERTIES COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01628)

**PLACING OF EXISTING SHARES
AND
TOP-UP SUBSCRIPTION OF
NEW SHARES UNDER GENERAL MANDATE**

Sole Global Coordinator



Bookrunners and Placing Agents



The Board is pleased to announce that on 7 September 2017, the Company, the Vendor and the Placing Agents entered into the Placing and Subscription Agreement, pursuant to which, (a) the Vendor has agreed to appoint the Placing Agents, and each of the Placing Agents has agreed to, severally but not jointly and severally, act as agent of the Vendor and to use its best efforts to procure purchasers for up to 350,000,000 existing Shares at the Placing Price; and (b) the Vendor has agreed to subscribe for, and the Company has agreed to issue to the Vendor, up to 350,000,000 new Shares at the Subscription Price (being the same as the Placing Price), in each case upon the terms and subject to the conditions set out in the Placing and Subscription Agreement.

The number of the Sale Shares represents: (a) approximately 9.13% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 8.36% of the enlarged total number of Shares in issue upon the completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue by the Company of the Subscription Shares).

The Placing Price is HK\$4.53 and represents:

- (i) a discount of approximately 8.11% to the closing price of HK\$4.93 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 8.82% to the average closing price of approximately HK\$4.968 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the Last Trading Date; and
- (iii) a discount of approximately 7.63% to the average closing price of approximately HK\$4.904 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the Last Trading Date.

The Placing is not subject to Shareholders' approval as the Subscription Shares will be issued under the General Mandate. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The Placing and Subscription Agreement may be terminated pursuant to the termination provisions contained therein. In addition, completion of the Subscription is subject to fulfillment of the conditions under the Placing and Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AND THE SUBSCRIPTION

The Board is pleased to announce that on 7 September 2017, the Company, the Vendor and the Placing Agents entered into the Placing and Subscription Agreement, pursuant to which, (a) the Vendor has agreed to appoint the Placing Agents, and each of the Placing Agents has agreed to, severally but not jointly and severally, act as agent of the Vendor and to use its best efforts to procure purchasers for up to 350,000,000 existing Shares at the Placing Price; and (b) the Vendor has agreed to subscribe for, and the Company has agreed to issue to the Vendor, up to 350,000,000 new Shares at the Subscription Price (being the same as the Placing Price), in each case upon the terms and subject to the conditions set out in the Placing and Subscription Agreement.

THE PLACING AND SUBSCRIPTION AGREEMENT

Date

7 September 2017

Parties

The Company, the Vendor and the Placing Agents

The Vendor

As at the date of this announcement, the Vendor holds an aggregate of 1,303,571,000 Shares, including the Sale Shares, representing approximately 34.00% of the total number of Shares in issue as at the date of this announcement.

The Placing Agents

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Placing Agents and its ultimate beneficial owners: (a) is independent of, and not connected with, the Vendor, the Company and their respective associates and connected persons; and (b) is independent of, and not acting in concert with, the Vendor, their respective associates and persons acting in concert with the Vendor.

Details of the Placing and the Subscription are set out below.

THE PLACING

The Placing and the number of the Sale Shares

The Vendor has agreed to appoint the Placing Agents, and each of the Placing Agents has agreed to, severally but not jointly and severally, act as agent of the Vendor and to use its best efforts to procure purchasers for up to 350,000,000 existing Shares at the Placing Price, upon the terms and subject to the conditions set out in the Placing and Subscription Agreement.

The number of the Sale Shares represents: (a) approximately 9.13% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 8.36% of the enlarged total number of Shares in issue upon the completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue by the Company of the Subscription Shares).

Placees

None of the Vendor and the Company shall be involved in screening or selecting any of the Placees unless such involvement is strictly limited to due diligence enquiries by the Placing Agents regarding the independence of the Placees. The choice of Placees for the Sale Shares shall be determined solely by the Placing Agents, subject to the requirements of the Listing Rules and the Takeovers Code.

The Placing Agents shall place the Sale Shares to not less than six Placees, and shall not, as far as it is aware, place any of the Sale Shares to any: (i) connected person of the Company; or (ii) person who is not an Independent Person.

Immediately after completion of the Placing, it is expected that none of the Placees will become a substantial shareholder of the Company.

Placing Price

The Placing Price is HK\$4.53 and represents:

- (i) a discount of approximately 8.11% to the closing price of HK\$4.93 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 8.82% to the average closing price of approximately HK\$4.968 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the Last Trading Date; and
- (iii) a discount of approximately 7.63% to the average closing price of approximately HK\$4.904 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the Last Trading Date.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis among the Company, the Vendor and the Placing Agents. The Directors consider that the Placing Price and the terms and conditions of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Completion of the Placing

There are no conditions to the Placing, save for the rights of each of the Placing Agents to exercise its rights to terminate the Placing and Subscription Agreement (as described below). Completion of the Placing is expected to take place on or before 11 September 2017 (or such other time or date as and the parties to the Placing and Subscription Agreement may agree in writing).

THE SUBSCRIPTION

Subscription Shares

The Vendor has agreed to subscribe as principal for, and the Company has agreed to issue, the Subscription Shares at the Placing Price, in the same amount as the number of Sale Shares sold pursuant to the Placing and Subscription Agreement, free from all liens, charges, security interests, encumbrances and adverse claims, in consideration for the payment of the Subscription Monies by the Vendor to the Company, subject to the terms and conditions of the Placing and Subscription Agreement.

The number of the Subscription Shares represents: (a) approximately 9.13% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 8.36% of the enlarged total number of Shares in issue upon completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the date of completion of the Subscription other than the issue by the Company of the Subscription Shares).

Ranking of the Subscription Shares

The Subscription Shares shall, when fully paid, rank pari passu in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment.

General Mandate to issue the Subscription Shares

The Sale Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the 2017 AGM to allot, issue and otherwise deal with securities of the Company not exceeding 20% of the issued share capital of the Company as at the date of the 2017 AGM. Under the General Mandate, the Company is authorized to issue up to 765,337,327 new Shares. As at the date of this announcement, no securities of the Company have been issued under the General Mandate.

Subscription Price

The Subscription Price is the same as the Placing Price.

The aggregate nominal value of the Subscription Shares is HK\$35,000,000.

Conditions of the Subscription

Completion of the Subscription is conditional upon the satisfaction of the following conditions:

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, all the Subscription Shares (and such listing and permission not subsequently being revoked); and
- (b) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement.

Application will be made by the Company to the Listing Committee for the listing of, and the permission to deal in, the Subscription Shares. The Placing and Subscription Agreement has not provided for the right of the parties to waive the above conditions.

Completion of the Subscription

Completion of the Subscription will take place on the second Business Day after the date upon which the last of the conditions shall have been satisfied, provided that it shall take place on a date no later than a date falling 14 days after the date of the Placing and Subscription Agreement (or such other time and/or date as the Vendor and the Company may agree in writing).

If the conditions are not fulfilled within 14 days after the date of the Placing and Subscription Agreement or such later date as may be agreed between the Company and the Vendor, the obligations and liabilities of the Vendor and the Company under the Subscription shall be null and void and neither the Company nor the Vendor shall have any claim against the other for costs, damages, compensation or otherwise.

Pursuant to Chapter 14A of the Listing Rules, if the Subscription is not completed within 14 days after the date of the Placing and Subscription Agreement, the Subscription will be regarded as a connected transaction, and in such case, the Company would need to issue a circular and hold an extraordinary general meeting to seek the approval of the independent Shareholders before the Subscription can be proceeded.

LOCK-UP ARRANGEMENTS

Pursuant to the Placing and Subscription Agreement:

- (i) The Vendor undertakes to the Placing Agents that (except for the sale of the Sale Shares pursuant to the Placing and Subscription Agreement) for a period of 90 days from the Closing Date, it will not and will procure that none of its nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will, directly or indirectly: (a) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares) or any interests therein beneficially owned or held by the Vendor or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; or (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of Shares, whether any such transaction described in items (a) or (b) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (c) announce any intention to enter into or effect any such transaction described in items (a) or (b) above, unless with the prior written consent of the Placing Agents.

- (ii) Each of the Company and the Vendor undertakes to the Placing Agents to procure, that for a period of 90 days from the Closing Date, the Company will not, except for the Subscription Shares and save pursuant to (1) the terms of the share option scheme adopted by the Company on 24 May 2010 or (2) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its articles of association: (a) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Share(s) or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to Shares or interest in Shares; or (b) or agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in item (a) above; or (c) announce any intention to enter into or effect any such transaction described in items (a) or (b) above, unless with the prior written consent of the Placing Agents.

TERMINATION OF THE PLACING AND SUBSCRIPTION AGREEMENT

Notwithstanding anything contained in the Placing and Subscription Agreement, if at any time prior to 4:00 p.m. (Hong Kong time) on the Closing Date:

- (a) there develops, occurs or comes into force:
 - (i) any new law or regulation or any change or development involving a prospective change in existing laws or regulations in any relevant jurisdiction which in the opinion of the Placing Agents has or is likely to have a material adverse effect on the financial position of the Company and/or of the Group as a whole;
 - (ii) any significant change (whether or not permanent) in local, national or international monetary, economic, financial, political or military conditions which in the opinion of the Placing Agents is or would be materially adverse to the success of the Placing;
 - (iii) any significant change (whether or not permanent) in local, national or international securities market conditions or currency exchange rates or foreign exchange rates or foreign exchange controls which in the sole judgement of the Placing Agents is or would be materially adverse to the success of the Placing; or makes it impracticable or inadvisable or inexpedient to proceed therewith;
 - (iv) a general moratorium on commercial banking activities in Hong Kong, the PRC, London or New York declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the PRC, the United Kingdom or the United States;
 - (v) a change or development involving a prospective change in Taxation which constitutes a material adverse effect on the Group as a whole or the Sale Shares or the transfer thereof;
 - (vi) any outbreak or escalation of hostilities or act of terrorism involving Hong Kong, the PRC, the United Kingdom or the United States or the declaration by Hong Kong, the PRC, the United Kingdom or the United States of a national emergency or war;
 - (vii) any suspension of dealings in the Shares for any period whatsoever (other than as a result of the Placing);
 - (viii) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the London Stock Exchange, the New York Stock Exchange or Nasdaq due to exceptional financial circumstances or otherwise at any time prior to the Closing Date; or

- (b) any breach of any of the representations, warranties and undertakings by the Company and/or the Vendor set out in the Placing and Subscription Agreement comes to the knowledge of the Placing Agents or any event occurs or any matter arises on or after the date of the Placing and Subscription Agreement and prior to the Closing Date which if it had occurred or arisen before the date of the Placing and Subscription Agreement would have rendered any of such representations, warranties and undertakings untrue or incorrect in any respect and any such breach or failure is material or (in the opinion of the Placing Agents) is or would materially and adversely affect the financial position or business of the Company and/or of the Group as a whole or is or would be materially adverse to the success of the Placing, or there has been a breach of, or failure to perform, any other provision of the Placing and Subscription Agreement on the part of the Vendor and/or the Company; or
- (c) there is any such adverse change, or development involving a prospective adverse change in the general affairs, condition, results of operations or prospects, management, business, stockholders' equity or in the financial or trading position of the Company and/or of the Group as a whole which in the opinion of the Placing Agents is materially adverse to the success of the Placing;

then and in any such case, each of the Placing Agents may terminate the Placing and Subscription Agreement without liability to the Vendor and/or the Company by giving notice in writing to the Vendor and the Company, which notice may be given at any time prior to 4:00 p.m. (Hong Kong time) on the Closing Date.

The Board is not aware of the occurrence of any of the above events as at the date of this announcement.

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in the development of residential, retail and commercial properties.

The gross proceeds from the Subscription are expected to be approximately HK\$1,586 million. The net proceeds from the Subscription (after deducting all fees, costs and expenses properly incurred by the Vendor (including the Placing Agents' commission, the stamp duty, the Stock Exchange trading fee and the SFC transaction levy) to be borne by the Company, and other expenses incurred by the Company, in connection with the Placing and the Subscription) are expected to be approximately HK\$1,564 million. The net Subscription Price, after deducting such fees, costs and expenses, is therefore approximately HK\$4.47 per Subscription Share.

The Company intends to use the net proceeds from the Subscription for possible investments in the future when opportunities arise.

The Directors (including the independent non-executive Directors) are of the view that the Placing will provide a good opportunity to raise additional funds to strengthen the financial position and to broaden the shareholder base and capital base of the Group to facilitate future development and can also increase the liquidity of the Shares. The Directors are of the view that the terms of the Placing and Subscription Agreement (including the Placing Agents' commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS

The Company has not conducted any other fund raising exercises in the past twelve months immediately before the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that the maximum number of the Sale Shares, being 350,000,000 Shares, are placed under the Placing and Subscription Agreement and that there will be no change to the total number of Shares in issue from the date of this announcement to the date of completion of the Subscription other than the issue by the Company of the Subscription Shares, the shareholdings in the Company (a) as at the date of this announcement; (b) immediately after the completion of the Placing but before the completion of the Subscription; and (c) immediately after the completions of the Placing and the Subscription are and will be as follows:

	As at the date of this announcement		Immediately after the completion of the Placing but before the completion of the Subscription		Immediately after the completion of the Placing and the Subscription	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Mr. Lam Lung On and Ms. Kwok Ying Lan (<i>Note 1</i>)	2,600,451,000	67.82	2,250,451,000	58.69	2,600,451,000	62.15
Mr. Lin Conghui	5,040,000	0.13	5,040,000	0.13	5,040,000	0.12
The Placees (<i>Note 2</i>)	–	–	350,000,000	9.13	350,000,000	8.36
Public	1,229,074,359	32.05	1,229,074,359	32.05	1,229,074,359	29.37
Total:	<u>3,834,565,359</u>	<u>100</u>	<u>3,834,565,359</u>	<u>100</u>	<u>4,184,565,359</u>	<u>100</u>

Notes:

- Mr. Lam Lung On directly holds 1,296,880,000 Shares and Ms. Kwok Ying Lan directly holds 1,303,571,000 Shares. Ms. Kwok Ying Lan and Mr. Lam Lung On are married to each other; therefore, they are deemed to be interested in the Shares held by each other.

2. It is assumed that there would be no other issue of new Shares and no repurchase of existing Shares before completion of the Subscription, and the maximum number of the Sale Shares, being 350,000,000 Shares, have been placed to not less than six independent Placees. It is expected that none of the Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately after the completion of the Subscription.

GENERAL

The Placing is not subject to Shareholders' approval as the Subscription Shares will be issued under the General Mandate. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The Placing and Subscription Agreement may be terminated pursuant to the termination provisions contained therein. In addition, completion of the Subscription is subject to fulfillment of the conditions under the Placing and Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“2017 AGM”	the annual general meeting of the Company held on 6 June 2017 at which, among other things, a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday) on which banks are generally open for business in Hong Kong
“Citi”	Citigroup Global Markets Limited
“Company”	Yuzhou Properties Company Limited (禹洲地產股份有限公司), an exempted company incorporated in the Cayman Islands on 23 April 2008 with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1628)

“Closing Date”	two Business Days after the Transaction Date or such other date as the Vendor and the Placing Agents may agree in writing
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by a resolution of the Shareholders passed at the 2017 AGM to allot, issue and otherwise deal with securities of the Company not exceeding 20% of the issued share capital of the Company as at the date of the 2017 AGM
“Group”	the Company and its subsidiaries
“Haitong”	Haitong International Securities Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Person”	persons who (and whose ultimate beneficial owners) are independent of, and not acting in concert with the Vendor, the Company, any of the associates or connected persons of the Vendor, the Company, or any of the parties acting in concert with any of the foregoing
“Last Trading Date”	6 September 2017, being the last trading day prior to the signing of the Placing and Subscription Agreement, which took place after trading hours
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other investor whom the Placing Agents have procured to purchase any of the Sale Shares pursuant to their obligations hereunder and who is an Independent Person
“Placing”	the private placing to the Placees procured by the Placing Agents of the Sale Shares subject to the terms and conditions set out in the Placing and Subscription Agreement

“Placing Agents”	Citi and Haitong
“Placing and Subscription Agreement”	the placing and subscription agreement entered into between the Company, the Vendor and the Placing Agents dated 7 September 2017 in respect of the Placing and the Subscription
“Placing Price”	HK\$4.53 per Sale Share
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale Shares”	up to 350,000,000 Shares beneficially owned by the Vendor and to be sold pursuant to the Placing and Subscription Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“Shares”	shares of HK\$0.10 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
“Subscription”	the subscription of the Subscription Shares by the Vendor at the Subscription Price pursuant to the terms and conditions of the Placing and Subscription Agreement
“Subscription Monies”	such sum as is the aggregate of the Placing Price multiplied by the number of Subscription Shares less the relevant expenses pursuant to the terms of the Placing and Subscription Agreement
“Subscription Price”	the price per Subscription Share payable by the Vendor, which price shall be the same as the Placing Price (being HK\$4.53 per Subscription Share)
“Subscription Shares”	up to 350,000,000 new Shares to be issued to the Vendor (equivalent to the number of the Sale Shares actually sold by the Vendor under the Placing) by the Company under the Subscription
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC

“Taxation”	all forms of taxation including value-added tax, goods and services tax, business tax, stamp duty, withholding taxes and/or other similar taxes whether of Hong Kong or elsewhere in the world whenever imposed and all statutory, governmental, state, provincial, local governmental or municipal impositions, duties and levies and all penalties, charges, costs and interests relating thereto
“Transaction Date”	7 September 2017 or, if dealings in the Shares on the Stock Exchange are suspended at all times on 7 September 2017, the first day on which dealings resume and the cross-trade can be reported to the Stock Exchange in accordance with its rules, or such other date as the Vendor and the Placing Agents may agree in writing
“Vendor”	Ms. Kwok Ying Lan
“%”	per cent

By order of the Board
Yuzhou Properties Company Limited
Lam Lung On
Chairman

Hong Kong, 7 September 2017

As at the date of this announcement the executive directors of the Company are Mr. Lam Lung On (Chairman, JP), Ms. Kwok Ying Lan and Mr. Lin Conghui, and the independent non-executive directors of the Company are Mr. Lam Kwong Siu, Mr. Wee Henny Soon Chiang and Dr. Zhai Pu.