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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)

PROPOSED ISSUANCE OF NEW SHARES UNDER GENERAL MANDATE

On 31 August 2018 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 460,489,606 Subscription Shares at the Subscription Price of HK\$3.96 per Subscription Share.

The number of 460,489,606 Subscription Shares represents (i) approximately 10.99% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.90% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares (assuming there is no change in the issued share capital of the Company between the date of this announcement and the Completion Date save for the issuance of the Subscription Shares). The aggregate nominal value of the Subscription Shares is HK\$46,048,960.6.

The Subscription Price of HK\$3.96 per Subscription Share represents: (1) a discount of approximately 5.04% to the closing price of HK\$4.17 per Share as quoted on the Stock Exchange on the Last Trading Day; (2) a discount of approximately 2.56% to the average closing price of approximately HK\$4.064 per Share for the last five consecutive trading days immediately prior to the Last Trading Day; and (3) a discount of approximately 1.30% to the average closing price of approximately HK\$4.012 per Share for the last 10 consecutive trading days immediately prior to the Last Trading Day.

The gross proceeds from the Subscription are expected to be approximately HK\$1,823,538,840. The net proceeds from the Subscription, after deducting all related fees and expenses, are expected to be approximately HK\$1,822,998,000. The net price per Subscription Share, after deducting all such related fees and expenses, is therefore approximately HK\$3.96.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

As Completion of the Subscription Agreement is subject to the satisfaction of the Conditions, the Subscription may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

On 31 August 2018 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 460,489,606 Subscription Shares at the Subscription Price of HK\$3.96 per Subscription Share.

THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement is set out below.

Date

31 August 2018 (after trading hours of the Stock Exchange)

Parties

- (1) the Company, as issuer; and
- (2) the Subscriber, as subscriber.

Subscription Shares

Pursuant to the terms and conditions of the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 460,489,606 Subscription Shares at the Subscription Price of HK\$3.96 per Subscription Share.

The number of 460,489,606 Subscription Shares represents (i) approximately 10.99% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.90% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares (assuming there is no change in the issued share capital of the Company between the date of this announcement and the Completion Date save for the issuance of the Subscription Shares). The aggregate nominal value of the Subscription Shares is HK\$46,048,960.6.

Ranking of the Subscription Shares

The Subscription Shares will rank *pari passu* in all respects with the Shares then in issue as at the date of the allotment.

Subscription Price

The Subscription Price of HK\$3.96 per Subscription Share represents:

- (1) a discount of approximately 5.04% to the closing price of HK\$4.17 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a discount of approximately 2.56% to the average closing price of approximately HK\$4.064 per Share for the last five consecutive trading days immediately prior to the Last Trading Day; and
- (3) a discount of approximately 1.30% to the average closing price of approximately HK\$4.012 per Share for the last 10 consecutive trading days immediately prior to the Last Trading Day.

The gross proceeds from the Subscription are expected to be approximately HK\$1,823,538,840. The net proceeds from the Subscription, after deducting all related fees and expenses, are expected to be approximately HK\$1,822,998,000. The net price per Subscription Share, after deducting all such related fees and expenses, is therefore approximately HK\$3.96.

The Subscription Price was arrived after arm's length negotiations between the Company and the Subscriber with reference to the trading prices of the Shares and the results and prospects of the Company. The Directors consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Shareholders as a whole.

The Subscriber shall make full payment of the Subscription Monies in immediately available funds by direct transfer in the amount thereof to the designated bank account of the Company upon Completion.

Conditions

Completion of the Subscription under the Subscription Agreement is conditional upon, among others, the following Conditions having been satisfied:

- (1) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares (and such listing and permission not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares);
- (2) the Subscription Agreement and the transactions contemplated thereunder being approved by the shareholder(s) of OCT (Asia) (being a shareholder or a closely allied group of shareholders who together hold more than 50% of the voting rights at a general meeting of OCT (Asia) to approve the Subscription Agreement if such general meeting were to be convened) by way of written shareholders' approval in accordance with the relevant requirements of the Listing Rules (or if the Stock Exchange determines that the relevant requirements of the Listing Rules are not applicable, being approved at a general meeting of the OCT (Asia)); and
- (3) all necessary governmental and regulatory approvals and consents regarding the Subscription having been obtained by the Company and the OCT (Asia).

Completion

Completion shall take place within five Business Days after satisfaction of the Conditions, or at such date and time as agreed by the Company and the Subscriber.

GENERAL MANDATE

The Subscription Shares will be allotted and issued by the Company pursuant to the General Mandate granted by the Shareholders to the Directors at the AGM. The General Mandate entitles the Directors to allot, issue, and otherwise deal with additional Shares not exceeding 20% of the total issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorized to issue up to 837,004,191 new Shares. As at the date of the announcement, no Shares have been allotted and issued pursuant to the General Mandate. Accordingly, the General Mandate is sufficient for the issue of the Subscription Shares and therefore the issue of the Subscription Shares is not subject to the approval of the Shareholders.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out a summary of the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after Completion (assuming there is no change in the issued share capital of the Company between the date of this announcement and the Completion Date save for the issuance of the Subscription Shares):

	As at the date of this announcement		Immediately following the Completion of the Subscription	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Mr. Lam Lung On and Ms. Kwok Ying Lan (<i>Note 1</i>)	2,604,571,000	62.15	2,604,571,000	56.00
Mr. Lin Conghui	5,040,000	0.12	5,040,000	0.11
The Subscriber	–	–	460,489,606	9.90
Other public Shareholders	<u>1,581,309,559</u>	<u>37.73</u>	<u>1,581,309,559</u>	<u>33.99</u>
TOTAL ISSUED SHARES	<u>4,190,920,559</u>	<u>100</u>	<u>4,651,410,165</u>	<u>100</u>

Note:

- Mr. Lam Lung On directly holds 1,298,540,000 Shares and Ms. Kwok Ying Lan directly holds 1,306,031,000 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.

FUND-RAISING ACTIVITIES BY THE COMPANY IN THE LAST 12 MONTHS

Save as disclosed below, the Company has not raised any funds by issuing equity securities during the 12 months immediately before the date of this announcement.

Date of initial announcement	Equity fund raising activity	Intended use net proceeds	Actual use of proceeds
7 September 2017	Issuance of 350,000,000 new Shares at HK\$4.53 per Share by the Company under general mandate	For possible investments in the future when opportunities arise	Fully utilized as intended

APPLICATION FOR LISTING

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is principally engaged in the development of residential, retail and commercial properties. The Directors are of the view that the Subscription represents a good opportunity for the Company to broaden the Shareholder base and to finance the Group's future development and expansion.

In addition, the Directors also believe the Subscription will also foster future strategic cooperation between the Group and OCT in the area of real estate and property development, thereby creating synergies between the businesses of the Group and OCT and facilitating future development of the Group.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreement and the transactions contemplated thereunder, which are determined after arm's length negotiations between the Company and the Subscriber, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The Board intends to use the proceeds from the Subscription for possible investment in the future when opportunities arise.

INFORMATION ON THE GROUP

The Group is one of the leading national property developers with its headquarters in Shanghai. The Group is principally engaged in the development of high quality residential properties. The Group also engages in the development and investment of retail and commercial properties, including office buildings, shopping malls and hotels. In addition, the Group engages in property-related businesses such as residential and commercial property management.

INFORMATION ON THE SUBSCRIBER

The Subscriber is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of OCT (Asia) (a company incorporated in the Cayman Islands with limited liability and listed on the Stock Exchange). OCT is principally engaged in comprehensive development business and investment in the new urbanization industrial ecosystem business.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

As Completion of the Subscription Agreement is subject to the satisfaction of the Conditions, the Subscription may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 5 June 2018
“Board”	the board of directors of the Company
“Business Day(s)”	any day (other than a Saturday, Sunday and public holiday) on which banks are open for general banking business in Hong Kong
“Company”	Yuzhou Properties Company Limited (禹洲地產股份有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01628)
“Completion”	completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“Completion Date”	the date on which Completion takes place
“Conditions”	the conditions precedent to Completion under the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company

“General Mandate”	the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 5 June 2018 to allot, issue and deal with additional Shares not exceeding 20% of the total issued share capital of the Company on the date thereof, namely, up to a maximum of 837,004,191 Shares
“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 PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Last Trading Day”	31 August 2018, being the last trading day prior to the signing of the Subscription Agreement, which took place after trading hours
“Long Stop Date”	31 December 2018 (or such other date as the Company and the Subscriber may agree in writing pursuant to the terms of the Subscription Agreement)
“OCT”	OCT (Asia) and its subsidiaries
“OCT (Asia)”	Overseas Chinese Town (Asia) Holdings Limited, an exempted 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: 03366)
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	City Legend International Limited (華昌國際有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of OCT (Asia)

“Subscription”	the subscription by the Subscriber of the Subscription Shares to be allotted and issued by the Company at the Subscription Price pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 31 August 2018 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Monies”	the aggregate sum of the Subscription Price multiplied by the number of Subscription Shares under the Subscription Agreement
“Subscription Price”	the subscription price of HK\$3.96 per Subscription Share
“Subscription Share(s)”	460,489,606 new Shares to be issued and allotted by the Company to the Subscriber under the Subscription
“%”	per cent.

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

Hong Kong, 31 August 2018

As at the date of this announcement, the executive Directors of the Company are Mr. Lam Lung On (Chairman, J.P.), 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.