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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)**

**US\$625 MILLION 7.90% SENIOR NOTES DUE 2021**

**(Stock Code: 4485)**

**PROPOSED ISSUANCE OF SENIOR NOTES**

**AND**

**CONCURRENT TENDER OFFER FOR REPURCHASE OF THE 7.90%  
SENIOR NOTES DUE 2021**

### **THE PROPOSED ISSUE**

The Company proposes to conduct the Proposed Notes Issue. Completion of the Proposed Notes Issue is subject to market conditions and investor interest. Pricing of the Notes, including the aggregate principal amount and the Offer Price and interest rate, will be determined through a

book building exercise to be conducted by the joint global coordinators, the joint bookrunners and the joint lead managers. The Notes, if issued, will be repayable at maturity, unless earlier redeemed or repurchased pursuant to their terms. As at the date of this announcement, the amount, terms and conditions of the Proposed Notes Issue have yet to be determined. Upon finalization of the pricing terms of the Notes, the Purchase Agreement will be entered into between the Company and the joint lead managers in relation to the Proposed Notes Issue. The Company intends to use the net proceeds from the Proposed Notes Issue for refinancing its existing medium to long term offshore indebtedness, which will become due within one year. The Company may adjust the foregoing plans in response to changing market conditions and, thus, reallocate the use of the proceeds from the Proposed Notes Issue.

The Company will seek a listing of the Notes on the Stock Exchange. Listing of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

**As no binding agreement in relation to the Proposed Notes Issue has been entered into as at the date of this announcement, the Proposed Notes Issue may or may not materialize. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company. A further announcement in respect of the Proposed Notes Issue will be made by the Company should the Purchase Agreement be signed.**

## **CONCURRENT TENDER OFFER FOR REPURCHASE OF THE 2021 II NOTES**

On 23 October 2019, the Company commenced a tender offer to purchase for cash an aggregate principal amount of its outstanding 2021 II Notes subject to the aggregate principal amount of the Notes to be issued.

**The Tender Offer is conditional upon, amongst other things, the Proposed Notes Issue. The Company may, in its sole and absolute discretion and in compliance with the terms and conditions of the Tender Offer, terminate, extend, amend or postpone the Tender Offer.**

# THE PROPOSED ISSUE

## Introduction

The Company proposes to conduct the Proposed Notes Issue. Completion of the Proposed Notes Issue is subject to market conditions and investor interest. Pricing of the Notes, including the aggregate principal amount and the Offer Price and interest rate, will be determined through a book building exercise to be conducted by the joint global coordinators, the joint bookrunners and the joint lead managers. The Notes, if issued, will be repayable at maturity, unless earlier redeemed or repurchased pursuant to their terms. The Notes are expected to be secured by the shares of certain of the Company's offshore subsidiaries. The shares of such offshore subsidiaries have previously been charged for the benefit of holders of the 2022 Notes, holders of the 2023 Notes, holders of the 2021 Notes, holders of the 2021 II Notes, holders of the 2022 II Notes, holders of the 2023 II Notes, lenders to the 2016 Term Loan Facility, lenders to the 2017 Dual Tranche Term Facility, holders of the 2024 Notes, holders of the 2020 Notes, holders of the 2020 II Notes, lenders to the 2019 Term Loan Facility and holders of permitted pari passu secured indebtedness, if any, and subject to any permitted liens. Holders of the Notes are expected to have the benefit of this collateral and the trustee of the Notes is expected to enter into an accession agreement to the intercreditor agreement concurrently with the issuance of the Notes. As at the date of this announcement, the amount, terms and conditions of the Proposed Notes Issue have yet to be determined. Upon finalization of the pricing terms of the Notes, the Purchase Agreement will be entered into between the Company and the joint lead managers in relation to the Proposed Notes Issue. Further announcements in respect of the Proposed Notes Issue will be made by the Company should the Purchase Agreement be signed.

The Notes will only be offered outside the United States, in compliance with Regulation S under the Securities Act. None of the Notes will be offered to the public in Hong Kong and none of the Notes will be placed to any connected persons of the Company.

## **Information about the Group**

The Group is one of the leading national property developers with its headquarters in Shanghai. The Group's primary focus is developing high quality residential properties. In order to diversify its portfolio, the Group also develops retail and commercial properties, including office buildings, shopping malls and hotels, and retains some of them as long-term investments. In addition, the Group engages in property-related businesses such as residential and commercial property management.

As of 30 June 2019, the Group had 45 projects completed with a total site area of approximately 3,513,779 sq.m. and a total GFA of approximately 10,088,531 sq.m., and 70 projects under development with a total site area of approximately 5,961,603 sq.m. and a total GFA of approximately 13,988,020 sq.m. As of the same date, the Group had 23 projects held for future development and potential projects with a total site area of approximately 3,918,540 sq.m. and a total GFA of approximately 6,111,368 sq.m. The Group has obtained land use rights certificates for the land for 136 of its projects completed, under development or held for future development. It is in the process of obtaining the land use rights certificates for two of its projects.

## **Proposed use of proceeds**

The Company intends to use the net proceeds from the Proposed Notes Issue for refinancing existing medium to long term offshore indebtedness, which will become due within one year.

The Company may adjust the foregoing plans in response to changing market conditions and, thus, reallocate the use of the proceeds from the Proposed Notes Issue.

## **Listing and rating**

The Company will seek a listing of the Notes on the Stock Exchange. Listing of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

The Notes have been provisionally rated "BB-" by Fitch Ratings Services, "B1" by Moody's Investors Services, Inc. and "BB" by Lianhe Ratings Global. The credit ratings accorded to the Notes are not a recommendation to purchase, hold or sell the Notes in as much as such ratings do not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for a given period or that the ratings will not be revised by the rating agencies in the future.

**As no binding agreement in relation to the Proposed Notes Issue has been entered into as at the date of this announcement, the Proposed Notes Issue may or may not materialize. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company. A further announcement in respect of the Proposed Notes Issue will be made by the Company should the Purchase Agreement be signed.**

## **CONCURRENT TENDER OFFER FOR REPURCHASE OF THE 2021 II NOTES**

On 23 October 2019, the Company commenced a tender offer to purchase for cash an aggregate principal amount of its outstanding 2021 II Notes subject to the aggregate principal amount of the Notes to be issued. Further details of the Tender Offer are set forth below:

| <b>Title of Security</b>       | <b>ISIN/Common Code</b>    | <b>Outstanding<br/>Aggregate<br/>Principal Amount<sup>(1)</sup></b> | <b>Purchase Price<sup>(2)(3)</sup></b> |
|--------------------------------|----------------------------|---|--|
| 7.90% senior notes<br>due 2021 | XS1819960136/<br>181996013 | US\$625,000,000   | US\$1,035                              |

(1) Principal amount of 2021 II Notes outstanding as of 23 October 2019.

(2) Applicable to holders who validly tender their 2021 II Notes at or prior to the expiration deadline, being 4:00 p.m. London Time, on 6 November 2019.

(3) Per US\$1,000 principal amount of 2021 II Notes accepted for purchase and excludes accrued interest which will also be paid.

The Company has appointed BOCI Asia Limited and Deutsche Bank AG, Hong Kong Branch to act as joint dealer managers in relation to the Tender Offer, and the Company has appointed D.F. King Ltd. as the information and tender agent in relation to the Tender Offer.

Further terms and conditions of the Tender Offer are set forth in the tender offer memorandum dated 23 October 2019 issued by the Company in connection with the Tender Offer. The aforementioned tender offer memorandum and all documents related to the Tender Offer can be found on the Tender Offer website: <https://sites.dfkingltd.com/yuzhouproperties>.

Holders who have questions regarding the Tender Offer or wish to obtain copies of the documents related to the Tender Offer may contact D.F. King Ltd. (Email: [yuzhouproperties@dfkingltd.com](mailto:yuzhouproperties@dfkingltd.com); Telephone: +44 20 7920 9700 or +852 3953 7231), BOCI Asia Limited (Telephone: +852 3988 6910) or Deutsche Bank AG, Hong Kong Branch (Telephone: +852 2203 8398).

**The Tender Offer is conditional upon, amongst other things, the Proposed Notes Issue. The Company may, in its sole and absolute discretion and in compliance with the terms and conditions of the Tender Offer, terminate, extend, amend or postpone the Tender Offer.**

## DEFINITIONS

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

- “2016 Term Loan Facility” the term loan facility of up to US\$400,000,000 that the Company entered into with Bank of China (Hong Kong) Limited, The Bank of East Asia, Limited, China Construction Bank (Asia) Corporation Limited, Hang Seng Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Luso International Banking Limited, Nanyang Commercial Bank Limited and Wing Lung Bank Limited as the arrangers and lenders, and The Hongkong and Shanghai Banking Corporation Limited as agent on 2 September 2016
- “2017 Dual Tranche Term Facility” the dual tranche term facility of up to US\$258,000,000 and HK\$334,000,000 that the Company entered into with China Construction Bank (Asia) Corporation Limited, Chiyu Banking Corporation Limited, Fubon Bank (Hong Kong) Limited, Hang Seng Bank Limited, Nanyang Commercial Bank (China) Limited, Shenzhen Branch (南洋商業銀行(中國)有限公司深圳分行), Shanghai Pudong Development Bank Co Ltd, Hong Kong Branch, The Bank of East Asia, Limited (東亞銀行有限公司) and The Hongkong and Shanghai Banking Corporation Limited as the arrangers and lenders, and The Hongkong and Shanghai Banking Corporation Limited as agent on 1 November 2017
- “2019 Term Loan Facility” the term loan facility of up to US\$220,000,000 with the possibility of incremental term loan facilities that the Company entered into with China Construction Bank Corporation, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited, Hang Seng Bank Limited, Bank of China (Hong Kong) Limited, Nanyang Commercial Bank, Limited and CMB Wing Lung Bank Limited, as arrangers and lenders, and The Hongkong and Shanghai Banking Corporation Limited as agent on 16 October 2019
- “2020 Notes” the 5.5% senior notes due 2020 in the aggregate principal amount of US\$200 million issued by the Company in July 2019

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|--------------------|--|
| “2020 II Notes”    | the 6.9% senior notes due 2020 in the aggregate principal amount of US\$400 million issued by the Company in July 2019   |
| “2021 Notes”       | the 6.375% senior notes due 2021 in the aggregate principal amount of US\$375 million issued by the Company in February 2018   |
| “2021 II Notes”    | the 7.90% senior notes due 2021 in the aggregate principal amount of US\$200 million and US\$425 million issued by the Company in May 2018 and July 2018, respectively                 |
| “2022 Notes”       | the 6.00% senior notes due 2022 in the aggregate principal amount of US\$350 million issued by the Company in January 2017   |
| “2022 II Notes”    | the 8.625% senior notes due 2022 in the aggregate principal amount of US\$500 million issued by the Company in January 2019  |
| “2023 Notes”       | the 6.00% senior notes due 2023 in the aggregate principal amount of US\$250 million issued by the Company in October 2016   |
| “2023 II Notes”    | the 6.00% senior notes due 2023 in the aggregate principal amount of US\$250 million and US\$400 million issued by the Company in October 2016 and July 2019, respectively             |
| “2024 Notes”       | the 8.5% senior notes due 2024 in the aggregate principal amount of US\$500 million issued by the Company in February 2019   |
| “Board”            | the board of Directors   |
| “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 whose shares are listed on the Stock Exchange |
| “connected person” | has the meaning ascribed to it under the Listing Rules   |
| “Directors”        | the directors of the Company   |
| “GFA”              | gross floor area   |
| “Group”            | the Company and its subsidiaries   |

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|------------------------|--|
| “Hong Kong”            | the Hong Kong Special Administrative Region of the People’s Republic of China  |
| “Listing Rules”        | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited   |
| “Notes”                | the senior notes to be issued by the Company   |
| “Offer Price”          | the final price at which the Notes will be sold to the initial purchasers thereof  |
| “Proposed Notes Issue” | the proposed issue of the Notes by the Company   |
| “Purchase Agreement”   | the purchase agreement proposed to be entered into between, among others, the Company and the joint lead managers in relation to the Proposed Notes Issue  |
| “Securities Act”       | the United States Securities Act of 1933, as amended   |
| “sq.m.”                | square metres  |
| “Stock Exchange”       | The Stock Exchange of Hong Kong Limited  |
| “Tender Offer”         | the offer by the Company to purchase for cash an aggregate principal amount of the 2021 II Notes up to the aggregate principal amount of the Notes under the terms and conditions as stated in the tender offer memorandum dated 23 October 2019 issued by the Company |
| “United States”        | the United States of America   |
| “US\$”                 | United States dollars  |

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

Hong Kong, 23 October 2019

*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, Mr. Lin Conghui and Ms. Lam Yu Fong, the non-executive director of the Company is Ms. Xie Mei, and the independent non-executive directors of the Company are Mr. Lam Kwong Siu, Mr. Wee Henny Soon Chiang and Dr. Zhai Pu.*