

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.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

Distribution of this announcement into jurisdictions other than Hong Kong may be restricted by law. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction for which the Company will not accept any liability. This announcement is not for release, publication or distribution, directly or indirectly, in or into the United States or any other jurisdiction where such release, publication or distribution might be unlawful.



禹洲集團控股有限公司

YUZHOU GROUP HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Equity Stock Code: 01628)

(Debt Security Stock Codes: 40159, 40079, 40112, 40343, 40517 and 05287)

RESTRUCTURING OF OFFSHORE DEBTS

(1) ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

(2) PROPOSED SHARE CONSOLIDATION

(3) PROPOSED CHANGE IN BOARD LOT SIZE

1. NEW EQUITY

Subject to occurrence of the Restructuring Effective Date, the Company will allot and issue a total of 5,645,000,000 Existing Shares at the exchange price of HK\$2.127 per Existing Share to the Subscribers on the Restructuring Effective Date. The Subscribers are Scheme Creditors holding the Relevant Claims who have validly elected or been automatically re-assigned to Option 2 of the Scheme Consideration in accordance with the terms of the Scheme.

The New Equity represents approximately (i) 86.26% of the number of issued Shares as at the date of this announcement; (ii) 57.89% of the number of issued Shares immediately after completion of the Rights Issue (assuming full subscription); (iii) 66.89% of the number of issued Shares immediately after completion of the Rights Issue (assuming only the Sponsors take up their entitled Rights Shares in full pursuant to the Irrevocable Undertaking); (iv) 36.67% of the number of issued Shares immediately after completion of the Rights Issue (assuming full subscription) and the issuance of New Equity; and (v) 40.08% of the number of issued Shares immediately after completion of the Rights Issue (assuming only the Sponsors take up their entitled Rights Shares in full pursuant to the Irrevocable Undertaking) and the issuance of New Equity, in each case assuming there is no other change in the number of issued Shares from the date of this announcement up to the Restructuring Effective Date.

LISTING RULES IMPLICATIONS

The New Equity will be allotted and issued under the specific mandate to be sought from the Shareholders at the EGM. The EGM will be convened for the Shareholders to consider and, if thought fit, approve the issuance of New Equity.

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the New Equity.

2. PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares of par value of HK\$0.10 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$1.00 each in the share capital of the Company.

3. PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in the board lot size of 1,000 Existing Shares. Subject to the Share Consolidation becoming effective, it is proposed that the board lot size for trading in the Shares be changed from 1,000 Existing Shares to 5,000 Consolidated Shares.

POSSIBLE ADJUSTMENTS TO THE OUTSTANDING SHARE OPTIONS UNDER THE SHARE OPTION SCHEMES

As at the date of this announcement, the Company has outstanding Share Options entitling the holders thereof to subscribe for an aggregate of 105,988,000 Existing Shares under the Share Option Schemes. Under the relevant terms and conditions of the Share Option Schemes, the Share Consolidation may lead to adjustments to the exercise price and the number of Shares falling to be issued upon exercise of the Share Options. The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

GENERAL

A circular containing, among other things, (i) further details of the New Equity and Share Consolidation and (ii) a notice convening the EGM will be despatched to the Shareholders on or before 13 December 2024.

WARNING

Shareholders and potential investors of the Company should note that the issuance of New Equity, Share Consolidation and Change in Board Lot Size are subject to the satisfaction of certain conditions. Accordingly, the issuance of New Equity, Share Consolidation and Change in Board Lot Size may or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

BACKGROUND

Reference is made to the announcements of the Company dated 8 February 2024, 7 March 2024, 14 March 2024, 21 March 2024, 28 March 2024, 10 July 2024, 16 July 2024, 21 August 2024, 10 September 2024, 17 September 2024, and 8 October 2024 (the “**Announcements**”) in relation to the proposed restructuring of certain offshore indebtedness of the Group. Unless the context requires otherwise or otherwise defined herein, capitalised terms shall have the same meanings as defined in the Announcements.

The Company is pleased to announce that it has obtained sufficient support from the creditors to approve the Scheme at the Scheme Meetings which were convened on 12 September 2024 and subsequently adjourned to 16 September 2024. Subsequent to the Scheme Meetings, the Hong Kong Court and the Cayman Court respectively sanctioned the Hong Kong Scheme and the Cayman Scheme and the Scheme Effective Date for the Scheme occurred on 4 October 2024. Subject to occurrence of the Restructuring Effective Date, Scheme Creditors who have validly elected or been automatically re-assigned (as a result of oversubscription of the STN under Option 1) to Option 2 of the Scheme Consideration will receive (i) new notes with medium-term maturities (i.e. the MTN), (ii) the New Equity, and (iii) new notes with long-term maturity (i.e. the LTN). Subject to occurrence of the Restructuring Effective Date, upon completion of the Proposed Restructuring, all amounts owed by the Group under the Existing Debt (including the principal amount and interest accrued thereon) will be discharged in full (except for the Excluded Existing Notes, in respect of which only claims against the Company will be discharged).

1. NEW EQUITY

The principal terms of the issuance of New Equity are set out below.

Parties

Issuer: The Company

Subscribers: Scheme Creditors holding Scheme Creditors' Claims in the aggregate amount of USD1,539,411,964 (equivalent to HK\$12,007,413,319.2) (the "**Relevant Claims**") who have validly elected or been automatically re-assigned to Option 2 of the Scheme Consideration in accordance with the terms of the Scheme.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries after taking into account publicly available information, the Subscribers and their ultimate beneficial owners are independent of the Company and its connected persons.

Issuance of New Equity

Subject to occurrence of the Restructuring Effective Date, the Company will allot and issue a total of 5,645,000,000 Existing Shares to the Subscribers on the Restructuring Effective Date.

The New Equity represents approximately (i) 86.26% of the number of issued Shares as at the date of this announcement; (ii) 57.89% of the number of issued Shares immediately after completion of the Rights Issue (assuming full subscription); (iii) 66.89% of the number of issued Shares immediately after completion of the Rights Issue (assuming only the Sponsors take up their entitled Rights Shares in full pursuant to the Irrevocable Undertaking); (iv) 36.67% of the number of issued Shares immediately after completion of the Rights Issue (assuming full subscription) and the issuance of New Equity; and (v) 40.08% of the number of issued Shares immediately after completion of the Rights Issue (assuming only the Sponsors take up their entitled Rights Shares in full pursuant to the Irrevocable Undertaking) and the issuance of New Equity, in each case assuming there is no other change in the number of issued Shares from the date of this announcement up to the Restructuring Effective Date.

The New Equity, when allotted and issued, will rank *pari passu* in all respects with the Shares in issue, including the right to any dividend or distribution the record date of which falls on or after the date of allotment.

Conditions of the issuance of New Equity

The issuance of New Equity is conditional upon the fulfilment of each of the following conditions:

- (a) the passing of an ordinary resolution by the Shareholders at the EGM to approve the New Equity;
- (b) the Listing Committee granting the listing of, and permission to deal in, the New Equity; and
- (c) the occurrence of the Restructuring Effective Date.

Exchange price

Based on the Relevant Claims, the New Equity will be issued at an exchange price of HK\$2.127 per Existing Share, which represents:

- (a) a premium of approximately 1,499.25% over the closing price of HK\$0.133 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 3,445.00% over the closing price of HK\$0.060 per Share as quoted on the Stock Exchange on 13 September 2024, being the last trading day before the date of the adjourned Scheme Meetings;
- (c) a premium of approximately 1,541.20% over the average closing price of HK\$0.130 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (d) a premium of approximately 1,488.50% over the average closing price of HK\$0.134 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day; and
- (e) a premium of approximately 1,427.29% over the average closing price of HK\$0.139 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day.

The Board is of the view that the net asset value per Share is not a meaningful reference to determine the exchange price, taking into account the fact that the audited reserves attributable to Shareholders as at 31 December 2023, as disclosed in the Company's 2023 annual report, was negative. For illustration only, the exchange price represents a premium of approximately 2,813.70% over the net asset value per Share of approximately HK\$0.073 (based on the audited net asset value attributable to owners of the parent of approximately RMB432,097,000 (equivalent to approximately HK\$476,602,991) as at 31 December 2023 and 6,543,909,500 Shares in issue as at the date of this announcement).

The exchange price of the New Equity was determined after arm's length negotiation between the Company and the Ad Hoc Group having considered, and with reference to, (i) the Relevant Claims; (ii) the issuance of New Equity being accepted as one of the feasible ways of implementing the Proposed Restructuring; (iii) the financial position of the Company, having recorded losses for the two consecutive financial years ended 31 December 2023; and (iv) the capital market conditions and difficulties faced by the Group in assessing other external fund raising channels for repayment of the Existing Debt.

The net issue price per Existing Share will be HK\$2.127.

Reasons for and Benefits of the Issuance of New Equity

As disclosed in the Announcements, the Proposed Restructuring seeks to address the Existing Debt in the aggregate principal amount of approximately USD6.68 billion. As at 30 June 2024, the Group had approximately USD12.68 billion of indebtedness, comprising (i) the Existing Debt and (ii) other liabilities which are excluded from the Scheme.

In exchange for the cancellation of the Existing Debt (except for the Excluded Existing Notes, in respect of which only claims against the Company will be discharged), the Company will provide the following Scheme Consideration based on the Scheme Creditors' valid election and automatic reassignment in accordance with the terms of the Scheme: (i) Option 1 comprising the STN and cash payment, (ii) Option 2 comprising the MTN, New Equity and LTN, and (iii) Option 3 comprising the LTN. As the New Equity is issued as part of the Scheme Consideration under the Proposed Restructuring, the Company will not receive any proceeds from such issuance.

After the Proposed Restructuring is implemented through the Scheme, all claims in respect of the Existing Debt against the Group will be discharged and Scheme Creditors will not be allowed to make any claim against the Group (except for the Excluded Existing Notes, in respect of which only claims against the Company will be discharged). Upon completion of the Proposed Restructuring, the Group will achieve a significant deleveraging as it would have compromised approximately USD6.68 billion in indebtedness, and together with the accrued interest, in exchange for (i) issuing the New Notes in the aggregate principal amount of approximately USD4.53 billion, and (ii) allotting the New Equity, and (iii) paying the cash component of the Scheme Consideration. In particular, as the tenor of the MTN and LTN ranges from four to ten years, none of the MTN and LTN will be classified as current liabilities of the Group upon their issuance. The debt reduction as result of the Proposed Restructuring will significantly improve the overall financial position of the Group and alleviate the immediate liquidity pressure on the Group.

Apart from the Proposed Restructuring, the Board explored alternative fundraising methods such as equity financing, but the ongoing negotiations in relation to the Proposed Restructuring made it challenging to seek fundraising alternatives for repaying the Existing Debt. In determining the size of the New Equity, the Board was of the view that compromising the Existing Debt in exchange for the issuance of new debt instruments for the same (or slightly reduced) principal amount would not adequately address the liquidity concerns faced by the Group. In the circumstances, the Board considered that it would be more appropriate to issue the New Equity as part of the Scheme Consideration so that the Company could reduce the amount of outstanding indebtedness whilst allowing holders of the New Equity to participate in the future returns of the Group as and when its business operations improve.

Taking into account the reasons for the issuance of New Equity and its significance in deleveraging the Company's balance sheet, the Board is of the view that the level of dilution resulting from the issuance of New Equity is acceptable. The Directors consider the terms of the issuance of New Equity (including the exchange price) to be fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company:

- (a) as at the date of this announcement;
- (b) immediately upon completion of the Rights Issue (assuming the Rights Issue is fully subscribed) and the issuance of New Equity;
- (c) immediately upon completion of the Rights Issue (assuming only the Sponsors take up their entitled Rights Shares in full pursuant to the Irrevocable Undertaking) and the issuance of New Equity;

- (d) immediately after completion of the Share Consolidation (assuming the Rights Issue is fully subscribed); and
- (e) immediately after completion of the Share Consolidation (assuming only the Sponsors take up their entitled Rights Shares pursuant to the Irrevocable Undertaking),

in each case assuming there is no other change in the number of issued Shares from the date of this announcement up to the effective date of the Share Consolidation.

	As at the date of this announcement		Immediately after completion of the issuance of New Equity (assuming the Rights Issue is fully subscribed)		Immediately after completion of the issuance of New Equity (assuming only the Sponsors take up their entitled Rights Shares in full pursuant to the Irrevocable Undertaking, and no aggregation and allotment of fractional Rights Shares)		Immediately after completion of the Share Consolidation (assuming the Rights Issue is fully subscribed)		Immediately after completion of the Share Consolidation (assuming only the Sponsors take up their entitled Rights Shares in full pursuant to the Irrevocable Undertaking, and no aggregation and allotment of fractional Rights Shares)	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Directors										
Sponsors	3,866,886,700	59.09%	5,761,661,181	37.42%	5,761,661,181	40.91%	576,166,116	37.42%	576,166,116	40.91%
Mr. Lin Conghui	10,265,697	0.16%	15,295,888	0.10%	10,265,697	0.07%	1,529,588	0.10%	1,026,569	0.07%
Public Shareholders										
Overseas Chinese Town	650,729,098	9.94%	969,586,356	6.30%	650,729,098	4.62%	96,958,635	6.30%	65,072,909	4.62%
Public Shareholders	2,016,028,005	30.81%	3,003,881,730	19.51%	2,016,028,005	14.32%	300,388,173	19.51%	201,602,800	14.32%
Subscribers	–	–	5,645,000,000	36.67%	5,645,000,000	40.08%	564,500,000	36.67%	564,500,000	40.08%
Total	<u>6,543,909,500</u>	<u>100.00%</u>	<u>15,395,425,155</u>	<u>100.00%</u>	<u>14,083,683,981</u>	<u>100.00%</u>	<u>1,539,542,512</u>	<u>100.00%</u>	<u>1,408,368,394</u>	<u>100.00%</u>

Notes:

- The Sponsors, namely Ms. Kwok (Chairman, executive Director and Chief Executive Officer of the Company) and Mr. Lam (non-executive Director), are married to each other. As at the date of this announcement, (i) Ms. Kwok is directly interested in 1,384,239 Existing Shares and indirectly interested in 1,918,663,481 Existing Shares held by Plentiful Wise Developments Limited, a company wholly-owned by herself; and (ii) Mr. Lam is directly interested in 27,729,929 Existing Shares and indirectly interested in 1,919,109,051 Existing Shares held by Studios Profits Limited, a company wholly-owned by himself.
- As at the date of this announcement, Mr. Lin Conghui, an executive Director, is directly interested in 10,265,697 Existing Shares. Mr. Lin Conghui is the brother-in-law of Mr. Lam.
- As at the date of this announcement, Overseas Chinese Town is interested in 650,729,098 Existing Shares through its wholly-owned subsidiary, City Legend International Limited (華昌國際有限公司).
- Where relevant, this number includes fractional Rights Shares which are expected to be aggregated and allotted by the Company, taking into account publicly available information on the shareholding of shareholders named in the table.

5. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries after taking into account publicly available information, none of the Subscribers is a Shareholder as the date of this announcement. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries after taking into account publicly available information, none of the Subscribers will be interested in 10% or more of the issued share capital of the Company immediately after the issuance of New Equity.

LISTING RULES IMPLICATIONS

The New Equity will be allotted and issued under the specific mandate to be sought from the Shareholders at the EGM. The EGM will be convened for the Shareholders to consider and, if thought fit, approve the issuance of New Equity.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries after taking into account publicly available information, as at the date of this announcement, no Shareholder has a material interest in the issuance of New Equity and therefore no Shareholder is required to abstain from voting at the EGM to approve the issuance of New Equity.

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the New Equity.

2. PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares of par value of HK\$0.10 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$1.00 each in the share capital of the Company.

Effect of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$10,000,000,000 divided into 100,000,000,000 Existing Shares with par value of HK\$0.10 each, of which 6,543,909,500 Existing Shares have been issued and are fully paid or credited as fully paid.

Assuming there will be no change in the issued share capital of the Company from the date of this announcement until the effective date of the Share Consolidation other than the Rights Issue (assuming it is fully subscribed) and the issuance of New Equity, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$10,000,000,000 divided into 10,000,000,000 Consolidated Shares with par value of HK\$1.00 each, of which 1,539,542,512 Consolidated Shares will be in issue and fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

Save for the expenses incurred by the Company in relation to the Share Consolidation, the Board considers that the implementation of the Share Consolidation will not, in itself, have any material adverse effect on the underlying assets, business operations, management or financial position of the Company or the interests of the Shareholders as a whole, except in respect of any fractional Consolidated Shares which will not be allocated to the Shareholders who may otherwise be entitled.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the fulfilment of each of the following conditions:

- (a) the issuance of New Equity having been completed;
- (b) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (c) the Listing Committee granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (d) compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be Monday, 24 March 2025.

Application for listing of the Consolidated Shares

An application will be made by the Company to the Listing Committee for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective and the Consolidated Shares which may be issued pursuant to the exercise of the Share Options granted.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealers or professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be allocated to the Shareholders otherwise entitled thereto, but will be aggregated and, if possible, sold for the benefit of the Company in accordance with the Memorandum and Articles. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Odd lot arrangement and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares.

Holders of Shares in odd lots should note that the matching services mentioned above are on a best effort basis only and successful matching of the sale and purchase of odd lots of Shares is not guaranteed and will depend on there being adequate number of odd lots of Shares available for matching. Shareholders are advised to consult their professional advisers if they are in doubt about the above arrangements. Details of the odd lot arrangement will be set out in the circular.

Exchange of share certificates for the Consolidated Shares

Subject to the Share Consolidation becoming effective, Shareholders may between 9:00 a.m. and 4:30 p.m. on any Business Day during the period from Monday, 24 March 2025 to Tuesday, 6 May 2025 (both days inclusive), submit share certificates for the Existing Shares (in brown colour) to the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Consolidated Shares (in yellow colour). Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may be allowed by the Stock Exchange from time to time) for each share certificate for the Existing Shares cancelled or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/issued is higher.

The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Wednesday, 30 April 2025, and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of ten (10) Existing Shares for one (1) Consolidated Share. The new share certificates for the Consolidated Shares will be issued in yellow colour in order to distinguish them from the share certificates for the Existing Shares which are in brown colour.

3. PROPOSED CHANGE IN BOARD LOT SIZE

The Shares are currently traded on the Stock Exchange in board lot size of 1,000 Existing Shares. Subject to the Share Consolidation becoming effective, the Board also proposes to change the board lot size for trading in the shares on the Stock Exchange from 1,000 Existing Shares to 5,000 Consolidated Shares.

Based on the closing price of HK\$0.133 per Existing Share (equivalent to the theoretical closing price of HK\$1.33 per Consolidated Share upon the Share Consolidation becoming effective) as quoted on the Stock Exchange as at the date of this announcement, the value per board lot of 1,000 Existing Shares is HK\$1,330 and the estimated value per board lot of 5,000 Consolidated Shares would be HK\$6,650.

The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders.

Reasons for the Share Consolidation and the Change in Board Lot Size

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 (as updated on 1 October 2020) stipulates that (i) market price of the shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

For a majority of trading days in the past nine months, the Existing Shares have been trading at or below HK\$0.10. During the same period, the value of each existing board lot (based on closing price) has been less than HK\$100 for a majority of trading days. In addition, as disclosed in the announcement of the Company dated 31 October 2024, the Company will conduct the Rights Issue at the Subscription Price of HK\$0.035 per Share, completion of which is a condition precedent to the occurrence of the Restructuring Effective Date. Having considered the prevailing range of closing price of the Shares over the past few months, and with a view to complying with the trading requirements under the Listing Rules after completion of the Rights Issue, the Board resolved to propose the Share Consolidation and the Change in Board Lot Size. For illustration only, taking into account the theoretical ex-rights price of HK\$0.101 per Existing Share based on the closing price of HK\$0.133 per Existing Share as at the date of this announcement, assuming the Share Consolidation and Change in Board Lot Size (but not the issuance of New Equity) had taken effect, the theoretical closing price per Consolidated Share and theoretical value per board lot of 5,000 Consolidated Shares as at the date of this announcement would have been HK\$1.01 and HK\$5,050, respectively.

The Board considers the proposed Share Consolidation and the proposed Change in Board Lot Size would enable the share price of the Company and the board lot value to comply with the trading requirements under the Listing Rules, taking into account, among other things, the expected impact of the Rights Issue on the share price of the Company. The proposed Share Consolidation would bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange. Further, the Share Consolidation and Change in Board Lot Size would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge minimum transaction costs for each securities trade. In view of the above reasons, the Board considers that the Share Consolidation and the Change in Board Lot Size are justifiable notwithstanding the potential costs and impact arising from the creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation and the Change in Board Lot Size are beneficial to and in the interests of the Company and the Shareholders as a whole.

The Board believes the Share Consolidation and the Change in Board Lot Size will not have any material adverse effect on the financial position of the Group.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation and Change in Board Lot Size is set out below. The expected timetable is subject to the results of the EGM and satisfaction of the conditions of the Share Consolidation and Change in Board Lot Size and therefore the dates are tentative only.

Event	Date and time
Expected date of despatch of circular, notice of the EGM and the form of proxy for the EGM.	on or before Friday, 13 December 2024
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the EGM.	4:30 p.m. on Friday, 20 December 2024
Closure of register of members for determining entitlement to attend and vote at the EGM (both dates inclusive)	Monday, 23 December 2024 to Monday, 30 December 2024
Latest date and time for lodging proxy forms for the EGM (not less than 48 hours before the time of the EGM)	10:30 a.m. on Saturday, 28 December 2024
Record date for the EGM	Monday, 30 December 2024
Expected date and time of the EGM	10:30 a.m. on Monday, 30 December 2024
Publication of announcement of poll results of the EGM	Monday, 30 December 2024
The expected timetable is subject to the results of the EGM and satisfaction of the conditions of the Share Consolidation and Change in Board Lot Size and therefore the dates are tentative only.	
Effective date of the Share Consolidation	Monday, 24 March 2025
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Monday, 24 March 2025

Event	Date and time
First day of free exchange of existing share certificates for the Existing Shares for new share certificates for the Consolidated Shares	Monday, 24 March 2025
Original counter for trading in the Existing Shares in board lots of 1,000 Existing Shares (in the form of existing share certificates) temporarily closes.	9:00 a.m. on Monday, 24 March 2025
Temporary counter for trading in the Consolidated Shares in board lots of 100 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Monday, 24 March 2025
Original counter for trading in the Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens	9:00 a.m. on Tuesday, 8 April 2025
Commencement of parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates)	9:00 a.m. on Tuesday, 8 April 2025
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares.	9:00 a.m. on Tuesday, 8 April 2025
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares.	4:00 p.m. on Wednesday, 30 April 2025
Cessation of parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates)	4:10 p.m. on Wednesday, 30 April 2025

Event	Date and time
Temporary counter for trading in the Consolidated Shares in board lots of 100 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Wednesday, 30 April 2025
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	Tuesday, 6 May 2025

All times and dates in this announcement refer to Hong Kong local times and dates.

Dates or deadlines specified in the expected timetable above, and in other parts of this announcement, are indicative only and may be extended or varied by the Company. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

FUND RAISING EXERCISE OF THE COMPANY DURING THE PAST 12 MONTHS

Save for the Rights Issue, details of which are set out in the announcement of the Company dated 31 October 2024, the Company has not conducted or announced any fund raising exercises in connection with any issue of equity securities during the 12 months immediately preceding the date of this announcement.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation and Change in Board Lot Size. Other than the Rights Issue and issuance of new Shares to scheme creditors under the Proposed Restructuring, the Company does not have any concrete plan to conduct any fundraising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund-raising exercises when suitable fund-raising and/or investment opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

GENERAL

A circular containing, among other things, (i) further details of the New Equity and Share Consolidation and (ii) a notice convening the EGM will be despatched to the Shareholders on or before 13 December 2024.

WARNING

Shareholders and potential investors of the Company should note that the issuance of New Equity, Share Consolidation and Change in Board Lot Size are subject to the satisfaction of certain conditions. Accordingly, the issuance of New Equity, Share Consolidation and Change in Board Lot Size may or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

DEFINITIONS

In this announcement, capitalised terms shall have the following meanings or the same meanings as defined in the Announcements (as the case may be), unless the context otherwise requires:

“Announcements”	has the meaning as defined in the section headed “Background” in this announcement
“Board”	the board of Directors
“Cayman Court”	the Grand Court of the Cayman Islands
“Cayman Scheme”	the scheme of arrangement to be effected between the Company and certain of its creditors pursuant to section 86 of the Companies Act (2023 Revision) of the Cayman Islands for the purposes of implementing the Proposed Restructuring, subject to, any modification, addition or condition which the Cayman Court may think fit to approve or impose, as appropriate
“Company”	Yuzhou Group Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 01628)
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of par value HK\$1.00 each in the share capital of the Company upon the Share Consolidation becoming effective
“Director(s)”	director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened and held on or around 30 December 2024, or any adjournment thereof, for the Shareholders to consider and, if thought fit, to approve by way of poll, among other things, the issuance of New Equity
“Excluded Existing Notes”	USD100,000,000 6.0% notes due 2021 issued pursuant to an instrument dated 29 September 2020, which are guaranteed by the Company
“Existing Debt”	collectively, the Existing Notes and the Existing Loans
“Existing Share(s)”	ordinary share(s) with par value of HK\$0.1 each in the share capital of the Company before the Share Consolidation becomes effective
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Court”	the High Court of Hong Kong and any court capable of hearing appeals therefrom
“Hong Kong Scheme”	the scheme of arrangement to be effected between the Company and certain of its creditors pursuant to sections 670, 673 and 674 of the Companies Ordinance (Cap. 622 of the laws of Hong Kong) for the purposes of implementing the Proposed Restructuring, subject to, any modification, addition or condition which the Hong Kong Court may think fit to approve or impose, as appropriate
“Irrevocable Undertaking”	the irrevocable undertaking executed by the Sponsors in favour of the Company, pursuant to which the Sponsors have irrevocably undertaken to take up their entitlement to the Rights Issue in full
“Last Trading Day”	31 October 2024, being the date of this announcement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“New Equity”	the new 5,645,000,000 Existing Shares to be allotted and issued by the Company on the Restructuring Effective Date
“Proposed Restructuring”	the financial restructuring of certain offshore indebtedness of the Group in accordance with and as intended to be implemented through the Scheme
“Relevant Claims”	has the meaning as defined in the section headed “1. New Equity” in this announcement
“Restructuring Effective Date”	the effective date of the Proposed Restructuring
“Rights Issue”	the proposed non-underwritten issue by way of rights on the basis of 49 rights shares for every 100 Existing Shares held by the qualifying Shareholders on the record date
“Rights Share(s)”	the new Share(s) proposed to be allotted and issued by the Company pursuant to the Rights Issue
“RSA”	the initial restructuring support agreement dated 8 February 2024 entered into by the Company and the Initial Consenting Creditors as amended, supplemented and/or restated from time to time, including by accession or cessation of parties thereto
“Scheme”	collectively, the Cayman Scheme and the Hong Kong Scheme
“Scheme Consideration”	collectively, USD24,740,000 in cash, the New Notes and the New Equity
“Scheme Creditor(s)”	any person who has a beneficial interest as principal under any of the Existing Debt as at the Scheme Record Date
“Scheme Meetings”	collectively, the meetings of Scheme Creditors convened in accordance with the order from the High Court of Hong Kong and the order from the Grand Court of the Cayman Islands for approving the Scheme under the Companies Ordinance (Cap. 622) and the Companies Act (2023 Revision), respectively
“Scheme Record Date”	13 September 2024, being the date designated by the Company for the determination of entitlement to the Scheme Consideration

“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the context may require
“Shareholder(s)”	holder(s) of Share(s) in issue
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued existing shares of par value HK\$0.10 each in the share capital of the Company into one (1) Consolidated Share of par value HK\$1.00 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	the Scheme Creditors (more than six entities) who will be allotted and issued the New Equity on the Restructuring Effective Date
“USD”	United States dollar, the lawful currency of the United States of America

In this announcement, translation of RMB into HK\$ and USD into HK\$ is based on the exchange rate of RMB1.00 to HK\$1.103 and USD1.00 to HK\$7.800, respectively. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi have been, could have been or may be converted at such or any other rate or at all.

By order of the Board
Yuzhou Group Holdings Company Limited
Kwok Ying Lan
Chairman

Hong Kong, 31 October 2024

As at the date of this announcement, the executive directors of the Company are Ms. Kwok Ying Lan (Chairman) and Mr. Lin Conghui, the non-executive directors of the Company are Mr. Lam Lung On (J.P.) and Mr. Song Jiajun, and the independent non-executive directors of the Company are Mr. Lam Kwong Siu, Mr. Wee Henny Soon Chiang and Mr. Yu Shangyou.