

THIS DEED OF IRREVOCABLE UNDERTAKING is executed on 31 Oct 2024

BY

- (i) **Ms. Kwok Ying Lan** 郭英蘭 (“**Ms. Kwok**”) of Unit 5801-5802, 58/F, The Center, 99 Queen’s Road Central, Hong Kong; and
 - (ii) **Mr. Lam Lung On** 林龍安 (“**Mr. Lam**”) of Unit 5801-5802, 58/F, The Center, 99 Queen’s Road Central, Hong Kong, Hong Kong,
- (the “**Covenantors**”, each a “**Covenantor**”)

IN FAVOUR OF

Yuzhou Group Holdings Company Limited 禹洲集團控股有限公司, a company incorporated under the laws of the Cayman Islands with limited liability whose registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands (the “**Company**”)

WHEREAS:

- A The Company proposes to offer new Shares for subscription by the Shareholders by way of the Rights Issue on the basis of 49 Rights Shares for every 100 Existing Shares held by the Shareholders on the Record Date at the Subscription Price of HK\$0.035 per Rights Share payable in full upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, application for the excess Rights Shares under the Rights Issue or when a transferee of the Rights Shares in nil-paid form applies for the Rights Shares, and otherwise on the terms and subject to the conditions of the Rights Issue set out in the prospectus expected to be dated on or around 27 January 2025 (the “**Prospectus**”) and the other Prospectus Documents to be issued by the Company in connection with the Rights Issue.
- B The offer of the Rights Shares for subscription as aforesaid will be made by the issue of the Prospectus Documents to the Qualifying Shareholders.
- C In connection with the Rights Issue, the Company proposes to publish an announcement (the “**Announcement**”) on or around 31 Oct 2024. An advanced draft of the Announcement is enclosed with this Deed as Appendix 1 for identification purposes.

NOW THIS DEED WITNESSES as follows:

1. Defined terms

Unless otherwise defined, words and expressions defined in the Announcement shall have the same meanings when used in this Deed.

2. Irrevocable Undertakings

- 2.1 Subject to and in consideration of the Company making the Rights Issue, each of the Covenantors hereby irrevocably represents, warrants, undertakes and covenants to the Company that:
 - (a) as at the date of this Deed, the Covenantors beneficially own an aggregate of 3,866,886,700 Existing Shares (the “**Undertaking Shares**”, each an “**Undertaking Share**”), which are held by themselves directly or through wholly-owned companies named in Schedule 1 to this Deed (the “**Relevant Subsidiaries**”, each a “**Relevant Subsidiary**”);
 - (b) he/she and the Relevant Subsidiary the shares of which he/she is beneficially interested in are and will remain Qualifying Shareholders;
 - (c) the Undertaking Shares and all the issued shares of the Relevant Subsidiaries are free of (i) any mortgage, charge, pledge, lien or other security interest; (ii) any option, restriction, right of first

- refusal, right of pre-emption; or (iii) any other third party claim, right, interest or preference or any other encumbrance of any kind;
- (d) the Covenantors shall not, and shall procure the Relevant Subsidiaries and any subsidiary or nominee holding any of the Undertaking Shares on behalf of any of them not to, within the period commencing from the date of the Announcement up to and including the date of completion of the Rights Issue or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier, transfer or otherwise dispose of or create any rights, interest, preference or any other encumbrance in respect of any of the Undertaking Shares or any interest in any company or entity (including the Relevant Subsidiaries) which is beneficially interested in any Undertaking Share;
- (e) subject to the Company despatching the Prospectus Documents to the Qualifying Shareholders, the Covenantors shall or shall procure the Relevant Subsidiaries and any subsidiary or nominee holding any Undertaking Share on behalf of any of them to:
- (i) take up in full their Rights Shares to be provisionally allotted to them (the “**Entitlement Shares**”) in respect of the Undertaking Shares pursuant to the Rights Issue at or before the Latest Time for Acceptance in accordance with the terms of the Prospectus Documents; and
- (ii) deliver the PAL(s) (without the same having been split or renounced) in respect of the Entitlement Shares to the Company or the Company’s share registrar, each accompanied by the remittance for the full amount payable for such Entitlement Shares allotted to them or the Relevant Subsidiaries;
- (f) the Covenantors have made available in Hong Kong sufficient funds in Hong Kong dollars for payment of the subscription monies upon the lodging of the PAL(s);
- (g) the Covenantors shall waive any rights, if any and whether by virtue of the constitutional documents of the Company, operation of applicable laws, regulations, rules of the Stock Exchange, contractual arrangements or otherwise, to withdraw its acceptance in respect of the Entitlement Shares;
- (h) each Covenantor undertakes that:
- (i) he/she will continue to be the legal and beneficial owner of the entire issued share capital of his/her respective Relevant Subsidiary; and
- (ii) he/she will procure such Undertaking Shares as shown in Schedule 1 to this Deed remain registered in his/her or his/her Relevant Subsidiary’s names until the Latest Time for Acceptance;
- (i) for the period from the date hereof until the date when dealings in the Rights Shares commence on the Stock Exchange, the Covenantors shall refrain from taking any action or making any statement to the public which is or may be prejudicial to the successful completion of the Rights Issue, unless otherwise required by any law or regulatory, the Stock Exchange, the SFC, or any other regulatory, judicial, governmental or other authorities or court having jurisdiction over the Covenantors, and subject to prior consultation with the Company;
- (j) each of the Covenantors and the Relevant Subsidiaries has full power and authority to subscribe for the Entitlement Shares; and
- (k) no approval from the regulatory or government authorities having jurisdiction over the Covenantors or the Relevant Subsidiaries is required for subscribing for the Entitlement Shares.

- 2.2 In the event that any of the Covenantors shall fail to comply with the undertakings and covenants given in paragraph 2.1(e), such Covenantor hereby irrevocably authorises the Company to:
- (a) treat this Deed as an acceptance or application (as the case may be) by him/her (in their personal capacity and as agent of the Relevant Subsidiary the shares of which he/she is beneficially interested in) for the subscription of the Entitlement Shares at the Subscription Price;
 - (b) apply as agent for such Covenantor for the Entitlement Shares of such Covenantor or his/her Relevant Subsidiary or any subsidiary or nominee holding any Undertaking Share on his/her behalf (the “**Relevant Person**”);
 - (c) allot and procure the issue of the Entitlement Shares falling to be issued pursuant to the applications under paragraph 2.2(a) to any Relevant Person and to procure the registration of the same in the name of any Relevant Person; and
 - (d) on his/her behalf and in his/her name give all such instructions to his/her Relevant Subsidiary and/or any subsidiary or nominee holding any Undertaking Shares on his/her behalf, and do all such other acts and execute all such other documents as may be required, to ensure performance of its obligations under paragraph 2.1(e),

and such Covenantor hereby irrevocably undertakes that he/she shall forthwith make payment in full to the Company for the said Entitlement Shares.

3. Termination

This Deed shall terminate upon the earlier of:

- (a) the date immediately following the date on which dealings in the Rights Shares in fully-paid form commences on the Stock Exchange; and
- (b) the date of the announcement by the Company published on the website of the Stock Exchange to the effect that the Rights Issue will not proceed,

without prejudice to any accrued liabilities.

4. Interpretation

- 4.1 Subject to the terms and conditions in this Deed and except to the extent otherwise specified, the undertakings, agreements, warranties, consents and waivers given by the Covenantors under this Deed are irrevocable.
- 4.2 Time shall be of the essence of the undertakings, agreements, warranties, consents and waivers given by us under this Deed.

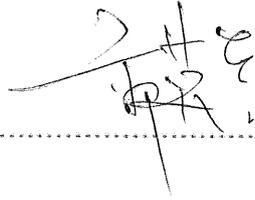
5. Third Party Rights and Governing Law, etc.

- 5.1 A person who is not a party shall not have any rights under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce, or to enjoy the benefit of, any term of this Deed.
- 5.2 This Deed is governed by and shall be construed in accordance with the laws of Hong Kong. The Covenantors irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts as regards any proceeding, claim, dispute or matter arising (or which may arise) out of or in connection with or relating to this Deed or any document to be executed pursuant to this Deed.

Signature page follows

Yours faithfully,

Signed, sealed and delivered
as a deed by
Kwok Ying Lan
郭英蘭

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*either seal with a red wafer seal
or insert here*



*and the signatory trace over the
circle and "L.S."*

Yours faithfully,

Signed, sealed and delivered
as a deed by
Lam Lung On
林龍安

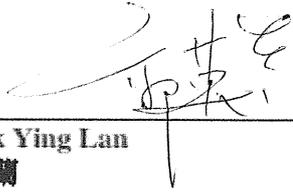
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*either seal with a red wafer seal
or insert here*

(L.S.)

*and the signatory trace over the
circle and "L.S."*

Accepted and acknowledged by
Yuzhou Group Holdings Company Limited 禹洲集團控股有限公司

A handwritten signature in black ink, appearing to be '郭英蘭', written over a horizontal line. A vertical line extends downwards from the center of the signature.

Kwok Ying Lan
郭英蘭
Director

Schedule 1

Covenantors' interest in Undertaking Shares

Covenantor	Undertaking Shares owned			
	Directly	Through Relevant Subsidiary	Through spouse (a)	Total
Mr. Lam	27,729,929	1,919,109,051 (b)	1,920,047,720	3,866,886,700
Ms. Kwok	1,384,239	1,918,663,481 (c)	1,946,838,980	3,866,886,700

Notes:

- (a) Ms. Kwok and Mr. Lam are the spouse of each other.
- (b) These 1,919,109,051 Shares were registered in the name of *Studios Profits Limited* ("**Studios Profits**"), a company 100%-owned by Mr. Lam.
- (c) These 1,918,663,481 Shares were registered in the name of *Plentiful Wise Developments Limited* ("**Plentiful Wise**" and, together with *Studios Profits*, the "**Relevant Subsidiaries**"), a company 100%-owned by Ms. Kwok.

Appendix 1

Advanced draft of the Announcement

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 the 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

PROPOSED RIGHTS ISSUE ON THE BASIS OF 49 RIGHTS SHARES FOR EVERY 100 SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of 49 Rights Shares for every 100 Existing Shares held on the Record Date at the Subscription Price of HK\$0.035 per Rights Share to raise up to approximately HK\$112.2 million (before deducting professional fees and other related expenses) by issuing up to 3,206,515,655 Rights Shares (assuming no changes in the number of issued Shares on or before the Record Date) to the Qualifying Shareholders. As the Subscription Price is at a discount to par (being a price below the par value of each Existing Share), the Discounted Issuance under the Rights Issue is subject to Shareholders' approval at the EGM and sanction by the Cayman Court.

The estimated net proceeds of the Rights Issue will be up to approximately HK\$110.2 million (assuming (i) the Rights Issue is fully subscribed; and (ii) there are no changes in the number of issued Shares on or before the Record Date). The Company intends to apply the net proceeds towards payment of the RSA Fees, the fees in connection with the Proposed Restructuring and the Group's working capital needs. In support of the Proposed Restructuring and the Rights Issue, the Sponsors have irrevocably undertaken to the Company, among other things, to subscribe for an aggregate of 1,894,774,481 Rights Shares, which comprise their full entitlement to the Rights Issue in respect of the Undertaking Shares (as rounded down to the nearest whole number of Rights Shares).

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. There is no minimum subscription level and no minimum amount is required to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

IRREVOCABLE UNDERTAKING

As at the date of this announcement, the Sponsors, being Directors and controlling shareholders of the Company, are interested (directly and through controlled corporations) in an aggregate of 3,866,886,700 Existing Shares, representing approximately 59.09% of all issued Shares.

Pursuant to the Irrevocable Undertaking, the Sponsors have irrevocably undertaken to the Company, among other things, that they will, and will procure their controlled corporations to, subscribe for an aggregate of 1,894,774,481 Rights Shares, which comprise the full acceptance of their aggregate provisional entitlement in respect of the Undertaking Shares beneficially held by them (as rounded down to the nearest whole number of Rights Shares).

LISTING RULES IMPLICATIONS

As the Rights Issue will not increase the total number of issued Shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, the Rights Issue is not subject to minority Shareholders' approval pursuant to Rule 7.19A of the Listing Rules.

The Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own for the purposes of Rule 7.27B of the Listing Rules.

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 Rights Issue 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

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Discounted Issuance. A circular containing, among other things, (i) further details of the Discounted Issuance, and (ii) a notice convening the EGM will be despatched to the Shareholders on or before 13 December 2024.

Subject to the Cayman Court having sanctioned the Discounted Issuance, the Company will make available the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on Thursday, 6 February 2025. The Company will, to the extent legally permissible and reasonably practicable, make available the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send the PALs and EAFs to them.

WARNING

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among other things, the Cayman Court having sanctioned the Discounted Issuance and the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement. Accordingly, the Rights Issue will not proceed if any of the conditions of the Rights Issue is not satisfied.

Any Shareholder or other person dealing in the Shares and/or Rights Shares in their nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders or other persons contemplating any dealing in the Shares or Rights Shares in their nil-paid form should consult their professional advisers.

Subject to the Cayman Court having sanctioned the Discounted Issuance, the Shares are expected to be dealt in on an ex-rights basis from Thursday, 23 January 2025. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 10 February 2025 to Monday, 17 February 2025 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or Rights Shares in their nil-paid form.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlement in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

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.

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of 49 Rights Shares for every 100 Existing Shares held on the Record Date at the Subscription Price of HK\$0.035 per Rights Share to raise up to approximately HK\$112.2 million (before deducting professional fees and other related expenses) by issuing up to 3,206,515,655 Rights Shares (assuming no changes in the number of issued Shares on or before the Record Date) to the Qualifying Shareholders. The Rights Issue will not be extended to the Non-Qualifying Shareholder(s), if any.

Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	:	49 Rights Shares for every 100 Existing Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.035 per Rights Share (subject to the Cayman Court having sanctioned the Discounted Issuance and the Company having fulfilled conditions (if any) imposed by the Cayman Court)
Number of Shares in issue as at the date of this announcement	:	6,543,909,500 Existing Shares
Number of Rights Shares to be issued under the Rights Issue	:	Up to 3,206,515,655 Rights Shares (assuming no changes in the number of issued Shares on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	Up to approximately HK\$320,651,565.50 (assuming no changes in issued share capital of the Company on or before the Record Date)

Total number of Shares in issue as enlarged by the allotment and issue of the Rights Shares (assuming the Rights Issue is fully subscribed)	:	Up to 9,750,425,155 Shares (assuming no changes in the number of issued Shares on or before the Record Date and no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Maximum funds to be raised (before expenses)	:	Up to approximately HK\$112.2 million (assuming no changes in the number of issued Shares on or before the Record Date and all the Rights Shares are taken up)
Net proceeds of the Rights Issue	:	Up to approximately HK\$110.2 million (assuming no changes in the number of issued Shares on or before the Record Date and all the Rights Shares are taken up)
Right of excess application	:	Qualifying Shareholders (other than the PRC Southbound Trading Investors) may apply for Rights Shares in excess of their provisional entitlement

As at the date of this announcement, the Company has 105,988,000 outstanding Share Options granted under the Share Option Schemes. As at the Last Trading Day, the exercise price of such Share Options is higher than the closing price of the Shares and accordingly such Share Options are out of the money. Assuming the Share Options remain out of the money on or before the Record Date, it is expected that none of the Share Options will be exercised on or before the Record Date. Save for the foregoing, the Company has no other outstanding derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into or confer any right to subscribe for the Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming there are no changes in the number of issued Shares on or before the Record Date and the Rights Issue is fully subscribed, the 3,206,515,655 Rights Shares to be issued pursuant to the terms of the Rights Issue represent (i) 49% of the total number of issued as at the date of this announcement; and (ii) approximately 32.89% of the issued Shares as enlarged by the allotment and issue of the Rights Shares.

Irrevocable Undertaking

As at the date of this announcement, the Sponsors, being Directors and controlling shareholders of the Company, are beneficially interested (directly and through controlled corporations) in an aggregate of 3,866,886,700 Existing Shares (the “**Undertaking Shares**”), representing approximately 59.09% of all issued Shares.

Pursuant to the Irrevocable Undertaking, the Sponsors have irrevocably undertaken to the Company, among other things, that:

- (a) they will, and will procure their controlled corporations to, subscribe for an aggregate of 1,894,774,481 Rights Shares which comprise the full acceptance of their aggregate provisional entitlement in respect of the Undertaking Shares beneficially held by them (as rounded down to the nearest whole number of Rights Shares); and
- (b) they will not, and will procure their controlled corporations not to, transfer or otherwise dispose of or create any rights, interest, preference or any other encumbrance in respect of any of the Undertaking Shares comprising their current shareholding in the Company, and such Undertaking Shares will remain beneficially owned by them, within the period commencing from the date of this announcement up to and including the date of completion of the Rights Issue or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier.

Save for the Irrevocable Undertaking, the Company has not received any information or irrevocable undertakings from any other Shareholder of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the date of this announcement.

Subscription Price and Discounted Issuance

The Subscription Price of HK\$0.035 per Rights Share is payable in full upon acceptance of the relevant provisional allotment of Rights Shares by the Qualifying Shareholders and, where applicable, application for excess Rights Shares under the Rights Issue by the Qualifying Shareholders (other than the PRC Southbound Trading Investors) or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 73.68% to the closing price of HK\$0.133 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 72.99% to the average closing price of approximately 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;
- (c) a discount of approximately 73.86% to the average closing price of approximately 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;
- (d) a discount of approximately 65.27% to the theoretical ex-rights price of approximately HK\$0.101 per Share based on the closing price of HK\$0.133 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (e) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 24.23% to the theoretical diluted price of approximately HK\$0.101 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.133 per Share and the average closing price for the five (5) consecutive trading days immediately prior to the Last Trading Day of approximately HK\$0.130 per Share; and
- (f) a discount of HK\$0.065 to the par value of HK\$0.10 of each Existing Share.

The Board is of the view that the net asset value per Share is not a meaningful reference to determine the Subscription 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.

The Subscription Price was determined with reference to the market price of the Shares, the financial conditions of the Company, current market conditions and the reasons for the Rights Issue as stated in the section headed "Use of proceeds and reasons for and benefits of the Rights Issue" in this announcement. Assuming the Rights Issue is fully subscribed and taking into account professional fees and other related expenses, the net issue price is approximately HK\$0.034 per Rights Share.

The Directors (including the independent non-executive Directors) consider that the discount represented by the Subscription Price would encourage Qualifying Shareholders to participate in the Rights Issue.

Under the Memorandum and Articles, there are certain restrictions which restrict the Company from issuing shares at a discount to par. As the Subscription Price is at a discount to par (being a price below the par value of each Share), the Company will, subject to Shareholders' approval at the EGM, seek a sanction order from the Cayman Court to carry out the Discounted Issuance pursuant to section 35 of the Companies Act. Although the Board considers that the Discounted Issuance may encourage more Qualifying Shareholders to participate in the Rights Issue, the Board would like to emphasise that the Discounted Issuance is not a pre-requisite to the implementation of the Rights Issue in connection with the Proposed Restructuring. If the Company's application before the Cayman Court is not successful, the Company intends to explore other options, including but not limited to carrying out the Rights Issue at a subscription price equivalent to the par value of each Share. Importantly, the Discounted Issuance is not a condition to the Proposed Restructuring, and the outcome of the Discounted Issuance application before the Cayman Court will not affect the Company's ability to consummate the Proposed Restructuring.

After taking into consideration the reasons for the Rights Issue as stated in the section headed “Use of proceeds and reasons for and benefits of the Rights Issue” in this announcement, the Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotment

The basis of the provisional allotment shall be 49 Rights Shares for every 100 Existing Shares in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker’s cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

If a Qualifying Shareholder for Rights Issue wishes to accept only a part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL, such Qualifying Shareholder will need to split his/her/its PAL into the denominations required. Details of how to split PALs will be set out in the Prospectus.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and must not be a Non-Qualifying Shareholder as at the close of business on the Record Date. In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar by 4:30 p.m. on Friday, 24 January 2025.

The last day of dealings in the Shares on a cum-rights basis is Wednesday, 22 January 2025. The Shares will be dealt with on an ex-rights basis from Thursday, 23 January 2025. Qualifying Shareholders who do not take up all the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the Register of Members. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors of the Company should consult their professional advisers if they are in doubt.

Rights of PRC Southbound Trading Investors

According to the “Stock Connect Southbound Shareholding Search” available on the Stock Exchange’s website, as of 30 October 2024, being the trading day immediately preceding the Last Trading Day, China Clear held 292,901,732 Shares, representing approximately 4.46% of the total number of Existing Shares in issue.

The Board was advised that, the PRC Southbound Trading Investors may participate in the Rights Issue through China Clear. China Clear will provide nominee services for the PRC Southbound Trading Investors to (i) sell (in full or in part) their nil-paid Rights Shares through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect if such nil-paid Rights Shares are listed on the Stock Exchange; and/or (ii) subscribe (in full or in part) for their pro rata entitlement in respect of Rights Shares held on the Record Date at the Subscription Price under the Rights Issue in accordance with the relevant laws and regulations.

However, China Clear will not support applications by such PRC Southbound Trading Investors for excess Rights Shares under the Rights Issue through the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. In addition, the PRC Southbound Trading Investors (or the relevant China Clear participants as the case may be) whose stock accounts in China Clear are credited with nil-paid Rights Shares can only sell those nil-paid Rights Shares on the Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect but cannot purchase any nil-paid Rights Shares nor transfer any nil-paid Rights Shares to other PRC Southbound Trading Investors.

As the Prospectus Documents will not be and are not intended to be filed with or approved by the CSRC other than in accordance with the CSRC Notices, the Rights Shares in nil-paid or fully-paid form issued to the PRC Southbound Trading Investors shall not be offered and may not be offered or sold directly or indirectly in the PRC to any person or entity, unless through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, or such person or entity has otherwise been exempt by or has obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations.

The PRC Southbound Trading Investors should consult their intermediaries (including brokers, custodians, nominees or China Clear participants) and/or other professional advisers for details of the logistical arrangements as required by China Clear and provide such intermediaries with instructions on the acceptance and/or sale of the nil-paid Rights Shares. Such instructions should be given in advance of the relevant dates in the section headed “Expected timetable” in this announcement and otherwise in accordance with the requirements of the intermediary of the PRC Southbound Trading Investors and/or China Clear in order to allow sufficient time to ensure that such instructions are given effect.

Non-Qualifying Shareholder(s)

Overseas Shareholders as at the close of business on the Record Date, if any, may not be eligible to take part in the Rights Issue for reasons explained below.

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than (i) Hong Kong and (ii) the PRC in accordance with the CSRC Notices. The Company will take steps to ascertain whether there are any other Overseas Shareholders as at the Record Date. Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Board will make enquiries as to the applicable legislation of the relevant overseas jurisdictions or the requirements of any relevant regulatory body or stock exchange for the issue of the Rights Shares to the Overseas Shareholders. If, after making such enquiries and taking into account the advice from legal advisers to the Company, the Company is of the opinion that it is necessary or expedient to exclude any Shareholder from the Rights Issue on account either of the legal restrictions under the laws of the relevant jurisdictions or the requirements of the relevant regulatory body or stock exchange, the Rights Issue will not be extended to such Overseas Shareholders.

The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus. The Company will, to the extent legally permissible and reasonably practicable, make available the Prospectus (without the PAL and the EAF) to the Non-Qualifying Shareholders for their information only on the Prospectus Posting Date, but will not send the PALs and EAFs to them.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholder(s) to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence but before the last day for dealings in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid to the relevant Non-Qualifying Shareholder(s) pro rata to their shareholdings in the Company on the Record Date. The Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Non-Qualifying Shareholder(s) to the Rights Shares, and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares, will be made available for excess application by Qualifying Shareholders (other than the PRC Southbound Trading Investors) under the EAF(s).

Overseas Shareholders and beneficial owners of the Shares who are residing outside of Hong Kong should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries made by the Company pursuant to the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company. The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlement to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. Shareholders and beneficial owners of the Shares should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Fractions of the Rights Shares

The Company will not provisionally allot to Qualifying Shareholders and will not accept application for any fraction of the Rights Shares. All fractions of the Rights Shares will be aggregated (rounded down to the nearest whole number of Rights Shares). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted (in nil-paid form) and sold in the market if a premium (net of expenses) can be obtained, and the Company will retain the proceeds from such sale for its own benefit. Any unsold Rights Shares arising from such aggregation will be made available for excess application by the Qualifying Shareholders (other than the PRC Southbound Trading Investors) as described in the paragraph headed “Application for excess Rights Shares” below.

Arrangement on odd lot trading

Upon completion of the Rights Issue, the board lots of the Company will remain as 1,000 Existing Shares. In order to facilitate the trading of odd lots of Shares which will arise upon completion of the Rights Issue, the Company will appoint a broker to stand in the market and provide matching services on a best effort basis for the holders of odd lots of Shares during the period from 9:00 a.m. on Friday, 28 February 2025 to 4:00 p.m. on Thursday, 20 March 2025 (both days inclusive). 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 provided in the Prospectus.

Application for excess Rights Shares

Qualifying Shareholders (other than the PRC Southbound Trading Investors) are entitled to apply, by way of excess application, for additional Rights Shares in excess of their assured entitlement.

The excess Rights Shares will comprise:

- (a) any unsold entitlement to the Rights Shares which would have been allotted to the Non-Qualifying Shareholders had they been Qualifying Shareholders;

- (b) any unsold Rights Shares created by aggregating fractions of the Rights Shares; and
- (c) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renounces or transferees of nil-paid Rights Shares,

((a) to (c) are collectively referred to as “**Untaken Rights**”).

Applications for excess Rights Shares may be made by completing an EAF and lodging the same with a separate remittance for the full amount payable for the excess Rights Shares being applied for. Pursuant to Rule 7.21(3) of the Listing Rules, the Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) subject to the availability of excess Rights Shares, the excess Rights Shares will be allocated to Qualifying Shareholders (other than the PRC Southbound Trading Investors) who have applied for them on a pro-rata basis as far as practicable based on the excess Rights Shares applied by them;
- (ii) no preference will be given to applications for topping up odd-lot holdings to whole-lot holdings; and
- (iii) pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by the Sponsors (being the controlling shareholders of the Company) or their associates (the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company will disregard the Relevant Shareholders’ applications for excess Rights Shares to the extent that the total number of excess Rights Shares they have applied for exceeds the maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

In applying principles (i) and (ii) above, reference will only be made to the number of excess Rights Shares applied for but no reference will be made to the Rights Shares subscribed through applications by the PALs or the existing number of Shares held by the Qualifying Shareholders.

If the aggregate number of Rights Shares underlying the Untaken Rights is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder (other than the PRC Southbound Trading Investors) who applies for excess Rights Shares in full application.

Shareholders whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the Register of Members. Accordingly, Shareholders whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to beneficial owners individually. Investors should consult their professional advisors if they are in any doubt as to their status. Investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. For those investors who would like to have their names registered on the Register of Members, all necessary documents must be lodged with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by 4:30 p.m. on Friday, 24 January 2025.

Status of the Rights Shares

The Rights Shares, when allotted and issued, shall rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid by the Company after the date of allotment and issue of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered addresses, at their own risk, on or before Thursday, 27 February 2025.

Refund cheques in respect of wholly or partially unsuccessful applications for Rights Shares and excess Rights Shares (if any) whether by reason of the Rights Issue not proceeding or otherwise, are expected to be posted, without interest, on or before Thursday, 27 February 2025 by ordinary post to the applicants' registered addresses, at their own risk.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee for the listing of, and the permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange.

The board lot size of the nil-paid Rights Shares will be the same as that of the fully-paid Rights Shares, i.e. 1,000 Existing Shares in one board lot.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms 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.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the Register of Members will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, AFRC transaction levy and any other applicable fees and charges in Hong Kong.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Conditions of the Rights Issue

Subject to the Cayman Court having sanctioned the Discounted Issuance, the Rights Issue is conditional upon the fulfilment of each of the following conditions:

- (a) the Listing Committee granting the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) and such permission and listing not subsequently having been withdrawn or revoked;
- (b) a duly certified copy of each of the Prospectus Documents (and all other required documents) having been registered with the Hong Kong Companies Registry not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);
- (c) following registration as referred to in paragraph (b) above, the posting of the Prospectus Documents to the Qualifying Shareholders and the publication of the Prospectus Documents on the website of the Stock Exchange on the Prospectus Posting Date;
- (d) no application of Rights Shares or excess Rights Shares by any Shareholders being allowed, which would either result in (i) a general offer obligation as required under the Takeovers Code being triggered; or (ii) the public float of the Company to decrease to below 25% of the total issued Shares (in which case, relevant applications of Rights Shares and excess Rights Shares will be scaled down and the subscription monies not utilised due to scaled down applications will be refunded to the affected applicants); and
- (e) all other necessary waivers, consent and approvals (if required) from the relevant governmental or regulatory authorities for the Rights Issue and the transactions contemplated thereunder having been obtained and fulfilled.

None of the conditions set out above can be waived. If any of the above conditions is not satisfied at or before 4:00 p.m. on Friday, 21 February 2025 (or such later date as the Company may determine), the Rights Issue will not proceed.

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and the level of subscription of the excess Rights Shares. There is no minimum subscription level and no minimum amount is required to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or cause the public float of the Company to decrease to below 25%. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue or for excess Rights Shares under the EAF can be scaled down to a level which (i) does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules; and (ii) does not cause the Company's public float to decrease to below 25%. Shares subject to scale down will be available for application as excess Rights Shares to other Qualifying Shareholders and any subscription monies not utilised due to scaled down applications will be refunded to the affected applicants.

Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlement in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below. The expected timetable is subject to the results of the EGM and satisfaction of the conditions of the Rights Issue (including court sanction of the Discounted Issuance which is subject to the availability of the Cayman Court) 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

Event	Date and time
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 following events are conditional on the results of the EGM and satisfaction of conditions of the Rights Issue (including court sanction of the Discounted Issuance which is subject to the availability of the Cayman Court) and therefore the dates are tentative only.	
Last day of dealings in the Shares on a cum-rights basis	Wednesday, 22 January 2025
First day of dealings in the Shares on an ex-rights basis.	Thursday, 23 January 2025
Latest time for lodging transfer documents of Shares to qualify for the Rights Issue	4:30 p.m. on Friday, 24 January 2025
Closure of the Register of Members to determine entitlement to the Rights Issue (both days inclusive)	Monday, 27 January 2025 to Wednesday, 5 February 2025
Record Date for determining entitlement to the Rights Issue	Wednesday, 5 February 2025
Re-opening of the Register of Members	Thursday, 6 February 2025
Despatch of the Prospectus Documents to the Qualifying Shareholders (including the Prospectus, PAL and EAF).	Thursday, 6 February 2025
First day of dealings in nil-paid Rights Shares	Monday, 10 February 2025
Latest time for splitting PAL.	4:30 p.m. on Wednesday, 12 February 2025
Last day of dealings in nil-paid Rights Shares	Monday, 17 February 2025

Event	Date and time
Latest time of acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares	4:00 p.m. on Thursday, 20 February 2025
Latest time for the Rights Issue to become unconditional.	4:00 p.m. on Friday, 21 February 2025
Announcement of the allotment results of the Rights Issue	Wednesday, 26 February 2025
Despatch of refund cheques for wholly or partially unsuccessful applications for Rights Shares and excess Rights Shares to be posted.	on or before Thursday, 27 February 2025
Despatch of share certificates for fully-paid Rights Shares	on or before Thursday, 27 February 2025
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Friday, 28 February 2025
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Shares	9:00 a.m. on Friday, 28 February 2025
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of Shares	4:00 p.m. on Thursday, 20 March 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, subject to, among other things, availability of the Cayman Court and/or other reasons outside of the Company's control, 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.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning and/or extreme conditions, if such circumstance is:

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 20 February 2025. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 20 February 2025. Instead, the latest time of acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place by 4:00 p.m. on Thursday, 20 February 2025, the dates mentioned in the section headed “Expected Timetable” above may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

CLOSURE OF REGISTER OF MEMBERS IN RESPECT OF THE RIGHTS ISSUE

Subject to the Cayman Court having sanctioned the Discounted Issuance, the Register of Members will be closed from Monday, 27 January 2025 to Wednesday, 5 February 2025 (both dates inclusive) for determining the Shareholders’ entitlement to the Rights Issue. No transfer of Shares will be registered during the above book closure period.

USE OF PROCEEDS AND REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE

The Group is principally engaged in property development, property investment, property management and hotel operations in the mainland of PRC and Hong Kong.

As disclosed in the announcement of the Company dated 17 September 2024, the Company received sufficient support from the creditors to approve the Proposed Restructuring at the scheme meetings which took place on 16 September 2024. As part of the Proposed Restructuring and pursuant to the terms of the RSA, the Company shall raise a maximum sum of US\$14.4 million by way of a rights issue to be implemented on or prior to the Restructuring Effective Date.

In determining the terms of the Rights Issue, the Directors have considered, among other things, (i) parameters of the Rights Issue stipulated in the RSA, including the agreed minimum proceeds to be raised in respect of the Undertaking Shares; (ii) the Rights Shares being offered at a meaningful discount to the prevailing trading price of the Shares to encourage the Shareholders to participate in the Rights Issue and maintain their shareholdings; and (iii) the expected shareholding structure of the Company immediately after completion of the Rights Issue and the issuance of new shares to the scheme creditors under the Proposed Restructuring, the Directors consider the size of the Rights Issue (including the expected minimum proceeds to be raised and ratio at which the Rights Shares are offered) to be fair and reasonable. In respect of odd lots which may arise from the Rights Issue, please refer to the section headed “Arrangement on odd lot trading” in this announcement.

Assuming there are no changes in the number of issued Shares on or before the Record Date and all Rights Shares to be issued under the Rights Issue have been taken up in full, the gross proceeds from the Rights Issue will be approximately HK\$112.2 million. The net proceeds from the Rights Issue (after deduction of professional fees and other related expenses of approximately HK\$2.0 million) are estimated to be approximately HK\$110.2 million (assuming the Rights Issue is fully subscribed and there are no changes in the number of Shares in issue on or before the Record Date), which are intended to be applied in the following manner:

- (i) up to HK\$66.3 million (equivalent to the proceeds attributable to the subscription for the Rights Shares in respect of the Undertaking Shares) for the payment of the RSA Fees; and
- (ii) out of the remaining proceeds:
 - (a) 50% for the payment of fees (primarily work fee payable to the creditors) in connection with the Proposed Restructuring; and
 - (b) 50% for the general working capital needs and other expenses of the Group.

Completion of the Rights Issue is a condition precedent to the occurrence of the Restructuring Effective Date. As such, the Rights Issue is a major milestone towards the implementation of the Proposed Restructuring. The Proposed Restructuring entails a significant deleveraging of the Group’s offshore indebtedness, which will enable the Company to achieve a sustainable capital structure to cope with its business operations in the long-term, and de-risk the Group’s ongoing operations. For completeness, in the event the Proposed Restructuring does not proceed, the proceeds shall be first used to settle fees in connection with the Proposed Restructuring which are payable regardless of whether the Proposed Restructuring consummates, and any balance will be used as general working capital of the Group.

Having considered the above, the Board considers the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The public float requirements under the Listing Rules shall be fulfilled by the Company at all times. The Company will take all appropriate steps to ensure that sufficient public float be maintained at all times in compliance with Rule 8.08 of the Listing Rules.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the change in shareholding structure of the Company arising from the Rights Issue (assuming there are no changes to the number of issued Shares from the date of this announcement to completion of the Rights Issue (other than the issuance and allotment of the Rights Shares) and there are no Non-Qualifying Shareholders):

	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming all Shareholders have taken up their entitled Rights Shares)		Immediately after completion of the Rights Issue (assuming only the Sponsors have taken up their entitled Rights Shares pursuant to the Irrevocable Undertaking, and no aggregation and allotment of fractional Rights Shares) (Note 1)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Directors						
Sponsors (Note 2)	3,866,886,700	59.09%	5,761,661,181	59.09%	5,761,661,181	68.28%
Mr. Lin Conghui (Note 3)	10,265,697	0.16%	15,295,888	0.16%	10,265,697	0.12%
Public Shareholders						
Overseas Chinese Town (Note 4)	650,729,098	9.94%	969,586,356	9.94%	650,729,098	7.71%
Other Shareholders (Notes 5 and 6)	2,016,028,005	30.81%	3,003,881,730	30.81%	2,016,028,005	23.89%
Total	<u>6,543,909,500</u>	<u>100.00%</u>	<u>9,750,425,155</u>	<u>100.00%</u>	<u>8,438,683,981</u>	<u>100.00%</u>

Notes:

- Pursuant to the Irrevocable Undertaking, the Sponsors have irrevocably undertaken to subscribe for, and to procure their controlled corporations to subscribe for, in full the Rights Shares to be provisionally allotted to them. Please refer to the section headed “Irrevocable Undertaking” in this announcement.
- 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 as at the date of this announcement. Please refer to the section headed “Fractions of the Rights Shares” in this announcement.
- To avoid the unwitting trigger of the obligation to make a general offer under the Takeovers Code and to avoid non-compliance of the public float requirement under the Listing Rules, Shareholders’ applications for their assured entitlement under the Rights Issue may be subject to scale down in subscriptions.

Details of the actual amount of proceeds raised, actual amount of proceeds allocated to the proposed uses and shareholding information of the Company will be disclosed in the announcement on the results of the Rights Issue.

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 Rights Issue 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.

FUND RAISING EXERCISE OF THE COMPANY

The Company has not conducted any fund raising exercises in connection with any issue of equity securities during the 12 months immediately preceding the date of this announcement.

LISTING RULES IMPLICATIONS

As the Rights Issue will not increase the total number of issued Shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, the Rights Issue is not subject to minority Shareholders' approval pursuant to Rule 7.19A of the Listing Rules.

The Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own for the purposes of Rule 7.27B of the Listing Rules.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Discounted Issuance. A circular containing, among other things, (i) further details of the Discounted Issuance, and (ii) a notice convening the EGM will be despatched to the Shareholders on or before 13 December 2024.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, no Shareholder has a material interest in the Discounted Issuance and therefore no Shareholder is required to abstain from voting at the EGM to approve the Discounted Issuance.

Subject to the Cayman Court having sanctioned the Discounted Issuance, the Company will make available the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on Thursday, 6 February 2025. A copy of the Prospectus will also be made available on the websites of the Company (*www.yuzhou-group.com*) and the Stock Exchange (*www.hkexnews.hk*). The Company will, to the extent legally permissible and reasonably practicable, make available the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send the PALs and EAFs to them.

WARNING

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among other things, the Cayman Court having sanctioned the Discounted Issuance and the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed "Conditions of the Rights Issue" in this announcement. Accordingly, the Rights Issue will not proceed if any of the conditions of the Rights Issue is not satisfied.

Any Shareholder or other person dealing in the Shares and/or Rights Shares in their nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders or other persons contemplating any dealing in the Shares or Rights Shares in their nil-paid form should consult their professional advisers.

Subject to the Cayman Court having sanctioned the Discounted Issuance, the Shares are expected to be dealt in on an ex-rights basis from Thursday, 23 January 2025. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 10 February 2025 to Monday, 17 February 2025 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or Rights Shares in their nil-paid form.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlement in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

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 unless the context otherwise requires:

“2010 Scheme”	the share option scheme adopted by the Company on 24 May 2010
“2020 Scheme”	the share option scheme adopted by the Company on 4 June 2020
“AFRC”	the Accounting and Financial Reporting Council in Hong Kong
“Announcements”	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 regarding, among other things, key terms of the RSA and the Proposed Restructuring
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding any Saturday, Sunday, public holiday or day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted at any time between 9:00 a.m. and 4:00 p.m. and is not lowered at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours and the Stock Exchange is open for the business of dealing in securities
“Cayman Court”	the Grand Court of the Cayman Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time

“China Clear”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“Companies Act”	the Companies Act (2023 Revision) of the Cayman Islands, as amended from time to time
“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)
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會), the regulator and the enforcement agency of securities matters in the PRC
“CSRC Notices”	the notice of the CSRC “Filing Requirements for Hong Kong Listed Issuers Making Rights Issues to Mainland Shareholders through Mainland-Hong Kong Stock Connect” (Announcement [2016] No. 21) and the “Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies” promulgated by the CSRC, as amended, supplemented or otherwise modified from time to time
“Director(s)”	the director(s) of the Company
“Discounted Issuance”	the proposed allotment of Rights Shares at the price of HK\$0.035 per Share under the Rights Issue (being a price below the par value of each Existing Share) pursuant to section 35 of the Companies Act, subject to any modification or condition which the Cayman Court may think fit to approve or impose
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders (other than the PRC Southbound Trading Investors) who wish to apply for excess Rights Shares

“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, among other things, the Discounted Issuance
“Existing Share(s)” or “Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“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 respect of the Undertaking Shares
“Last Trading Day”	31 October 2024, being the date of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 20 February 2025 (or such later time or date as may be determined by the Company), being the latest time and date for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum and Articles”	the memorandum and articles of association of the Company, as amended from time to time

“Mr. Lam”	Mr. Lam Lung On (<i>J.P.</i>), a non-executive Director and controlling shareholder of the Company, and the spouse of Ms. Kwok
“Ms. Kwok”	Ms. Kwok Ying Lan, Chairman and Chief Executive Officer of the Company, an executive Director and controlling shareholder of the Company, and the spouse of Mr. Lam
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Chinese Town”	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 Stock Exchange (stock code: 03366)
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the Register of Members at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is (are) in place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“PRC Southbound Trading Investor(s)”	the PRC investor(s) who hold Shares through China Clear as nominee under the Shenzhen-Hong Kong Stock Connect or the Shanghai-Hong Kong Stock Connect
“Proposed Restructuring”	the restructuring proposal through a scheme of arrangement (or parallel scheme of arrangements) in respect of the Group’s offshore indebtedness pursuant to the terms of the RSA
“Prospectus”	the prospectus to be made available to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s)

“Prospectus Posting Date”	6 February 2025 (or such other date as may be determined by the Company), being the date on which the Prospectus Documents are to be made available and/or sent to the Qualifying Shareholders (or in the case of the Non-Qualifying Shareholder(s), the Prospectus only)
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the Register of Members at the close of business on the Record Date
“Record Date”	5 February 2025, the record date for the determination of entitlement under the Rights Issue
“Register of Members”	the register of Shareholders in Hong Kong maintained by the Registrar
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, the address of which is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Relevant Shareholders”	has the meaning as defined under the section headed “Application for excess Rights Shares” in this announcement
“Restructuring Effective Date”	the effective date of the Proposed Restructuring
“Rights Issue”	the proposed 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 at the Subscription Price
“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 defined therein) as amended, supplemented and/or restated from time to time, including by the accession or cessation of parties thereto, details of which are set out in the Announcements

“RSA Fees”	has the meaning given to it in the RSA and, for the avoidance of doubt, any RSA Fee payable under the RSA will be rounded up to the nearest US\$0.01, with US\$0.005 or more (but less than US\$0.01) being rounded upwards
“SFC”	the Securities and Futures Commission of Hong Kong
“Shanghai-Hong Kong Stock Connect”	a securities trading and clearing links programme developed by the Stock Exchange, the Shanghai Stock Exchange, HKSCC and China Clear for the establishment of mutual market access between Hong Kong and Shanghai
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Share Option(s)”	the share option(s) of the Company granted pursuant to the Share Option Schemes
“Share Option Schemes”	the 2010 Scheme and the 2020 Scheme
“Shenzhen-Hong Kong Stock Connect”	a securities trading and clearing links programme developed by the Stock Exchange, the Shenzhen Stock Exchange, HKSCC and China Clear for the establishment of mutual market access between Hong Kong and Shenzhen
“Sponsors”	Mr. Lam and Ms. Kwok
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.035 per Rights Share
“substantial shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong
“Undertaking Shares”	has the meaning as defined under the section headed “Irrevocable Undertaking” in the announcement
“Untaken Rights”	has the meaning as defined under the section headed “Application for excess Rights Shares” in this announcement

“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent

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.