
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action you should take, you should consult your stockbroker, licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Yuzhou Group Holdings Company Limited, you should at once forward the Prospectus Documents to the purchaser(s) or the transferee(s) or to the stockbroker, bank manager, licensed securities dealer or registered institution in securities or other agents through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

Hong Kong Exchanges and Clearing Limited, Hong Kong Securities Clearing Company Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of the Prospectus Documents, make no representations 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 the Prospectus Documents.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “15. Documents delivered to the Registrar of Companies in Hong Kong” in Appendix III to this Prospectus, has been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents or any other documents referred to above.

Dealings in the Shares and the Rights Shares in both nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your stockbroker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional advisers for details of the settlement arrangements and how such arrangements may affect your rights and interests. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

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 the 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 HKSCC and HKSCC Operational Procedures in effect from time to time.

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong and the PRC and the distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of this Prospectus (including, without limitation, agents, custodians, nominees and trustees) should acquaint themselves with and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction for which the Company will not accept any liability. In particular, subject to certain exceptions as determined by the Company, the Prospectus Documents should not be distributed, forwarded to or transmitted in, into or from any jurisdiction where such release or distribution might be unlawful.

This Prospectus is not for release, publication or distribution, directly or indirectly, in or into the United States. The securities described herein have not been and will not be registered under the U.S. Securities Act, or the laws of any state or jurisdiction of the United States, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. There is no intention to register any portion of the Rights Shares or any securities described herein in the United States or to conduct a public offering of securities in the United States.



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: 40112, 40343, 40517 and 05287)

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

Capitalised terms used on this cover shall have the same meanings as those defined in the section headed “Definitions” in this Prospectus.

It should be noted that the Shares have been dealt on an ex-rights basis from Thursday, 12 June 2025. Dealings in the Rights Shares in their nil-paid form will take place from Wednesday, 25 June 2025 to Thursday, 3 July 2025 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed.

The Rights Issue will be made on a non-underwritten basis. There is no requirement for a minimum level of subscription in the Rights Issue and there is no minimum amount to be raised under the Rights Issue. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced.

Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the latest time when the conditions of the Rights Issue are fulfilled (which is expected to be 4:00 p.m. on Wednesday, 9 July 2025) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the nil-paid Rights Shares, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

The latest time for acceptance and payment for the Rights Shares is 4:00 p.m. on Tuesday, 8 July 2025.

The procedures for acceptance and transfer of the Rights Shares are set out in the section headed “Procedures for acceptance and payment and/or transfer” in the “Letter from the Board” on pages 21 to 23 of this Prospectus.

CONTENTS

	<i>Page</i>
Definitions	1
Expected Timetable	8
Summary of the Rights Issue	10
Letter from the Board	13
Appendix I – Financial Information of the Group	I-1
Appendix II – Unaudited Pro Forma Financial Information	II-1
Appendix III – General Information	III-1

DEFINITIONS

In this Prospectus, the following expressions 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
“Ad Hoc Group”	the ad hoc group of Scheme Creditors, comprising certain holders of the Existing Public Notes
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Announcements”	the announcements of the Company dated 31 October 2024, 17 January 2025 and 1 April 2025 in relation to the Rights Issue
“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 discontinued 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
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“HKSCC 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)

DEFINITIONS

“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)
“Controlling Shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“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
“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
“General Rules of HKSCC”	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 HKSCC 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”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Intermediary(ies)”	in relation to a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the beneficial owners’ bank(s), broker(s), custodian(s), nominee(s) or other relevant person(s) who is a CCASS participant or who has/have deposited the beneficial owner’s Shares with a CCASS participant
“Last Trading Day”	31 October 2024, being the date of the Announcement
“Latest Practicable Date”	18 June 2025, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information referred to in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 8 July 2025 (or such later time and 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 Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lam”	Mr. Lam Lung On (<i>J.P.</i>), a non-executive Director and Controlling Shareholder, 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, and the spouse of Mr. Lam
“New Equity”	the new 5,645,000,000 Shares to be allotted and issued by the Company to the scheme creditors on the Restructuring Effective Date
“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

DEFINITIONS

“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 Prospectus, 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 under the Existing Debt (as defined in the RSA Announcements) pursuant to the terms of the RSA and the Schemes
“Prospectus” or “this Prospectus”	the prospectus issued by the Company containing details of the Rights Issue
“Prospectus Documents”	this Prospectus, the PAL(s) and the EAF(s)
“Prospectus Posting Date”	Monday, 23 June 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

DEFINITIONS

“Record Date”	Friday, 20 June 2025, the record date for the determination of the 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 the “Letter from the Board” in this Prospectus
“Restructuring Effective Date”	the effective date of the Proposed Restructuring, which will occur upon satisfaction of all conditions precedent to the Proposed Restructuring, details of which are set out in the RSA Announcement dated 8 February 2024 and the Schemes
“Rights Issue”	the proposed issue by way of rights on the basis of 49 Rights Shares for every 100 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
“RMB”	Renminbi, the lawful currency of the PRC
“RSA”	the (i) initial restructuring support agreement dated 8 February 2024 entered into by the Company and the Initial Consenting Creditors (as defined therein) as amended by an amendment deed dated 10 July 2024, and (ii) additional restructuring support agreement dated 9 August 2024 entered into by the Company and an Existing Lender (as defined therein), each 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 RSA Announcements

DEFINITIONS

“RSA Announcements”	the inside information announcements of the Company dated 8 February 2024 and 10 July 2024 regarding, among other things, the terms of the RSA
“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
“Schemes”	the schemes of arrangement to be effected between the Company and certain of its creditors pursuant to (i) section 86 of the Cayman Islands Companies Act (2023 Revision), and (ii) sections 670, 673 and 674 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) for the purposes of implementing the Proposed Restructuring
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws 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
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of 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

DEFINITIONS

“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”	3,866,886,700 Shares in which the Sponsors are beneficially interested as at the Latest Practicable Date
“Untaken Rights”	has the meaning as defined under the section headed “Application for excess Rights Shares” in the “Letter from the Board” in this Prospectus
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“U.S.” or “United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“US\$”	United States dollar(s), the lawful currency of the United States
“%”	per cent

In this Prospectus, unless the context otherwise requires, any reference to the singular includes the plural and vice versa and any reference to a gender includes a reference to the other gender and the neuter.

Unless otherwise specified, conversion of HK\$ into RMB in this Prospectus is based on the exchange rate of RMB1.00 to HK\$1.07, for the purpose of illustration only.

No representation is made and there is no assurance that RMB or HK\$ can be purchased or sold at such rates.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled.

Event	Date (Hong Kong time)
First day of dealings in nil-paid Rights Shares	Wednesday, 25 June 2025
Latest time for splitting PAL	4:30 p.m. on Friday, 27 June 2025
Last day of dealings in nil-paid Rights Shares	Thursday, 3 July 2025
Latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares	4:00 p.m. on Tuesday, 8 July 2025
Latest time for the Rights Issue to become unconditional	4:00 p.m. on Wednesday, 9 July 2025
Announcement of the allotment results of the Rights Issue	Tuesday, 15 July 2025
Despatch of refund cheques for wholly or partially unsuccessful applications for Rights Shares and excess Rights Shares to be posted	on or before Wednesday, 16 July 2025
Despatch of share certificates for fully-paid Rights Shares	on or before Wednesday, 16 July 2025
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Thursday, 17 July 2025
Commencement of matching services for odd lots of Shares to be provided by designated broker	9:00 a.m. on Thursday, 17 July 2025
Cessation of matching services for odd lots of Shares to be provided by designated broker	4:00 p.m. on Wednesday, 6 August 2025

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

EXPECTED TIMETABLE

Dates or deadlines specified in the expected timetable above and in other parts of this Prospectus 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.

Pursuant to Rule 2.07A of the Listing Rules and the articles of association of the Company, the Company will disseminate its corporate communications to its Shareholders by electronic means. A notice of the publication of the corporate communications will be provided to the Shareholders when the Company publishes any such corporate communications on its website and the Stock Exchange's website.

The Prospectus will be made available to the Shareholders by way of publication on the website of the Company (www.yuzhou-group.com) and the Stock Exchange's website (www.hkexnews.hk), and a notice will be sent to the relevant Shareholders by email or by post.

The PAL and the EAF, as actionable corporate communications, shall be sent to the Qualifying Shareholders by post in printed form.

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:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 8 July 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
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 8 July 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 Tuesday, 8 July 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.

SUMMARY OF THE RIGHTS ISSUE

The following information is derived from and should be read in conjunction with the full text of this Prospectus:

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
Number of Shares in issue as at the Latest Practicable Date	:	6,543,909,500 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 HK\$320,651,565.50 (assuming no changes in the 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

SUMMARY OF THE RIGHTS ISSUE

As at the Latest Practicable Date, the Company has 98,424,000 outstanding Share Options granted under the Share Option Schemes. As at the Latest Practicable Date, the exercise price of such Share Options was higher than the closing price of the Shares and accordingly such Share Options were 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 Shares as at the Latest Practicable Date; and (ii) approximately 32.89% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares in full.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is subject to the fulfilment of conditions set out in the section headed “Conditions of the Rights Issue” in the “Letter from the Board” in this Prospectus. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

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 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.

SUMMARY OF THE RIGHTS ISSUE

Shareholders and potential investors of the Company should take note that it is expected that the successful implementation of the Proposed Restructuring will substantially reduce the Group's indebtedness and alleviate the liquidity pressure. However, they should also take note that given the current industry conditions remain challenging and its recovery is taking longer than expected, there can be no assurance that the Group will not need to implement further liability management and/or holistic restructuring to address any of the Group's repayment obligations in relation to its outstanding indebtedness.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares, and if they are in doubt about their position, they should consult their professional advisers.

LETTER FROM THE BOARD



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: 40112, 40343, 40517 and 05287)

Executive Directors:

Kwok Ying Lan (*Chairman*)

Lin Conghui

Non-executive Directors:

Lam Lung On (*J.P.*)

Liang Xingchao

Independent Non-executive Directors:

Lam Kwong Siu

Wee Henny Soon Chiang

Yu Shangyou

Registered Address:

Cricket Square

Hutchins Drive, P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal Place of Business

in Hong Kong:

Units 5801-02, 58/F

The Center

99 Queen's Road Central

Central

Hong Kong

23 June 2025

To the Qualifying Shareholders

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the Announcements whereby the Board announced the Company proposed to implement the Rights Issue, on the basis of 49 Rights Shares for every 100 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 the professional fees and other related expenses) by issuing up to 3,206,515,655 Rights Shares to the Qualifying Shareholders.

The Rights Issue is not underwritten.

LETTER FROM THE BOARD

The purpose of this Prospectus is to provide you with, among others, further details of the Rights Issue, including the procedures for acceptance of the Rights Shares provisionally allotted to you, and certain financial information and other general information of the Group.

RIGHTS ISSUE

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
Number of Shares in issue as at the Latest Practicable Date	:	6,543,909,500 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 HK\$320,651,565.50 (assuming no changes in the 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

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company has 98,424,000 outstanding Share Options granted under the Share Option Schemes. As at the Latest Practicable Date, the exercise price of such Share Options was higher than the closing price of the Shares and accordingly such Share Options were 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 Shares as at the Latest Practicable Date; and (ii) approximately 32.89% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares in full.

Irrevocable Undertaking

As at the Latest Practicable Date, the Sponsors are beneficially interested (directly and through controlled corporations) in the Undertaking Shares, comprising an aggregate of 3,866,886,700 Shares and 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; 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 the Irrevocable Undertaking 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 Board has not received any information or other undertakings from any Shareholders of their intention to take up or not to take up the securities of the Company to be provisionally allotted to them under the Rights Issue as at the Latest Practicable Date.

LETTER FROM THE BOARD

Subscription Price

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 discount of approximately 47.76% to the closing price of HK\$0.067 per Share as quoted on the Stock Exchange on the last trading day before the Announcement dated 1 April 2025 (i.e. 31 March 2025);
- (f) a discount of approximately 38.6% to the closing price of HK\$0.057 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (g) 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 based on the benchmarked price of approximately HK\$0.133 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).

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 total reserves attributable to Shareholders as at 31 December 2024, as disclosed in the Company's 2024 annual report, was negative.

LETTER FROM THE BOARD

The Subscription Price, which is at a significant discount to the last trading price, was determined by the Board with reference to (i) the recent performance of the Share price compared with that of the overall market; (ii) the amount of funds the Company intends to raise under the Rights Issue to facilitate the completion of the Proposed Restructuring; (iii) low liquidity of the Shares during the twelve months up to and including the Last Trading Day with the average daily trading volume of approximately 2,526,309 Shares, representing approximately 0.039% of the total number of Shares as at the Last Trading Day; (iv) the intention to provide an opportunity for all Shareholders to take part in the Rights Issue at a relatively low cost, with the objective of increasing the participation and securing the maximum gross proceeds of the Rights Issue; and (v) the financial position and financial performance of the Group, in particular the fact that the Group had net liabilities attributable to Shareholders of approximately RMB12.5 billion as at 31 December 2024.

Under the memorandum and articles of association of the Company, there are certain restrictions which restrict the Company from issuing Shares at a discount to par. As the Subscription Price is below the par value of each Share, following approval of the discounted issuance at the extraordinary general meeting of the Company held on 30 December 2024, the Company sought, and the Grand Court of the Cayman Islands granted, a sanction order for the Company to carry out the proposed allotment of Rights Shares at discount to par (being a price below the par value of each Share) pursuant to section 35 of the Cayman Islands Companies Act (2023 Revision).

(i) The market price of the Shares

During the twelve months up to and including the Last Trading Day, the share price has been volatile, primarily trading in the range of HK\$0.052 to HK\$0.270. Additionally, the average daily trading volume for the twelve months up to and including the Last Trading Day was approximately 0.039% of the total issued Shares, indicating a lack of liquidity of the Shares. In determining the Subscription Price, the Company has considered the discount required to be attractive enough to Shareholders and investors.

(ii) The prevailing market conditions and financial condition of the Group

The overall market has experienced significant volatility, but a general increasing trend during the twelve months up to and including the Last Trading Day. During the twelve months up to and including the Last Trading Day, the Hang Seng Index fluctuated between a low of approximately 14,961 at closing on 22 January 2024 and a high of approximately 23,099 at closing on 7 October 2024 and closed at approximately 20,317 on the Last Trading Day. The Directors observed that the Share price experienced a drop and underperformed the Hang Seng Index during the twelve months up to and including the Last Trading Day. The Share price of the Company decreased by approximately 2.92% from

LETTER FROM THE BOARD

HK\$0.137 per share on 1 November 2023 to HK\$0.133 per share on the Last Trading Day while the Hang Seng Index increased by approximately 18.80% from approximately 17,102 on 1 November 2023 to approximately 20,317 on the Last Trading Day.

The Group's net losses for the two years ended 31 December 2023 and 2024 were approximately RMB14,309.41 million and approximately RMB14,774.86 million, respectively. Furthermore, the position of the Group decreased significantly from net assets of approximately RMB5,060 million as at 31 December 2023 to net liabilities of approximately RMB11,735.7 million as at 31 December 2024.

Having considered the volatility of the Hong Kong stock market and the financial position of the Group, the Company set the Subscription Price at a discount to the then market price of the Shares to encourage Shareholders to participate in the Rights Issue.

(iii) The amount of funds the Company intends to raise from, and the reasons for, the Rights Issue

The Company intends to apply the net proceeds from the Rights Issue towards payment of the RSA Fees, work fee to creditors, fees in connection with the Proposed Restructuring and the Group's working capital needs. For further details, please refer to the section headed "Use of proceeds and reasons for and benefits of the Rights Issue" below. The Directors consider that the Subscription Price would encourage Shareholders to participate in the Rights Issue, taking into account: (a) the discount represented by the Subscription Price; (b) the pre-emptive nature of the Rights Issue which entitles each Qualifying Shareholder to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its shareholding interest held on the Record Date on a fair and equal basis; (c) that Qualifying Shareholders who do not wish to take up their provisional entitlement under the Rights Issue can sell their nil-paid Rights Shares in the market; and (d) the proposed use of proceeds from the Rights Issue as set out above.

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.

In view of the above, the Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price (and the discounts to the relative values as indicated above), to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfilment of each of the following conditions:

LETTER FROM THE BOARD

- (a) the Stock Exchange 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 Registrar of Companies in Hong Kong 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 transaction 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 before 4:00 p.m. on Wednesday, 9 July 2025 (or such later date as the Company may determine), the Rights Issue will not proceed.

As the Latest Practicable Date, none of the conditions has been fulfilled.

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.

LETTER FROM THE BOARD

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. Please refer to the section headed “Procedures for acceptance and payment and/or transfer” below further details.

Qualifying Shareholders

The Rights Issue is only available to the 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.

The last day of dealings in the Shares on a cum-rights basis was Wednesday, 11 June 2025. The Shares have been dealt with on an ex-rights basis from Thursday, 12 June 2025.

Qualifying Shareholders who take up their pro rata assured entitlement in full will not suffer any dilution to their interests in the Company. **Qualifying Shareholders who do not take up all the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their proportionate shareholdings in the Company may be diluted.**

Rights of Overseas Shareholders

The Prospectus Documents are not registered or filed under the applicable securities legislation of any jurisdiction other than (a) Hong Kong; and (b) the PRC in accordance with the CSRC Notices. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below. Accordingly, Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution when dealing in the Shares and the nil-paid Rights Shares.

Since the Register of Members is closed from Monday, 16 June 2025 to Friday, 20 June 2025, there will be no Non-Qualifying Shareholder as at the Record Date. Accordingly, there will be no Non-Qualifying Shareholder for the purpose of the Rights Issue.

Rights of PRC Southbound Trading Investors

According to the “Stock Connect Southbound Shareholding Search” available on the Stock Exchange’s website, as of the Latest Practicable Date, China Clear held 263,337,231 Shares, representing approximately 4.01% of the total number of Shares in issue.

LETTER FROM THE BOARD

The Board was advised that China Clear will provide nominee services for the PRC Southbound Trading Investors to sell (in full or in part) their nil-paid Rights Shares through the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect if such nil-paid Rights Shares are listed on the Stock Exchange.

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 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 forms 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 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 sale of the nil-paid Rights Shares. Such instructions should be given in advance of the relevant dates stated under the section headed “Expected Timetable” of this Prospectus 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.

The Prospectus Documents may not be publicly distributed in or forwarded to the PRC or used in connection with any offer for subscription or sale of the Rights Shares (in nil-paid and fully-paid forms) in the PRC, except that the same may be despatched to China Clear or to the extent in compliance with applicable PRC laws and regulations, and the Prospectus Documents may not be made publicly available in the PRC.

Procedures for acceptance and payment and/or transfer

A PAL and EAF, as actionable corporate communications, will be sent to the Qualifying Shareholder(s) by post in printed form which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein.

LETTER FROM THE BOARD

If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Tuesday, 8 July 2025 (or, under bad weather conditions, such later date as mentioned in the paragraph "Effect of bad weather and/or extreme conditions on the latest time for acceptance of and payment for the Rights Shares" in the section headed "Expected Timetable" in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by banker's cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to "YUZHOU GROUP HOLDINGS COMPANY LIMITED – RIGHTS ISSUE ACCOUNT" and crossed "Account Payee Only".

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Tuesday, 8 July 2025, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for excess application under the EAF by other Qualifying Shareholders (other than the PRC Southbound Trading Investors). The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant applicant(s) to complete the incomplete PAL at a later stage.

If the Qualifying Shareholders wish to accept only part of his/her/its provisional allotment, or to renounce or transfer a part of, the Rights Shares provisionally allotted to them under the PAL or to renounce or transfer their rights to more than one person, the entire PAL must be surrendered and lodged for cancellation no later than 4:30 p.m. on Friday, 27 June 2025, with the Registrar, who will cancel the original PAL and issue new PAL(s) in the denominations required which will be available for collection from the Registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, after 9:00 a.m. on the second Business Day after the date of surrender of the original PAL. This process is commonly referred to as "splitting" of PAL.

Having "split" the PAL, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new PAL should do so in accordance with the instructions given above in relation to the subscription for the Rights Shares provisionally allotted.

It should be noted that Hong Kong ad valorem stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares and the acceptance by the transferee(s) of such rights.

LETTER FROM THE BOARD

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

The PAL contains further information regarding the procedures to be followed for the acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

Cheques and banker's cashier orders

All cheques or banker's cashier orders accompanying completed PALs will be presented for payment immediately upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgement of the PAL with a cheque or a banker's cashier order, whether by a Qualifying Shareholder or by any nominated transferees, will constitute a warranty that the cheque or the banker's cashier order will be honoured on first presentation. Without prejudice to any other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or banker's cashier order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Rights Issue does not proceed, the monies received in respect of the relevant provisional allotments will be refunded to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person, without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on or before Wednesday, 16 July 2025.

No receipt will be issued in respect of any PAL and/or remittances received.

Distribution of the Prospectus Documents

The Company will only despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date. However, to the extent reasonably practicable and legally permitted, the Company will make available this Prospectus to the Non-Qualifying Shareholders (if any) for their information only. The Company will not send any PALs or EAFs to the Non-Qualifying Shareholders (if any).

No action has been taken by the Company to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory or jurisdiction outside Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for Rights Shares, unless in the relevant territory or jurisdiction where such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements.

LETTER FROM THE BOARD

It is the responsibility of any person (including, without limitation, any agent, custodian, nominee or trustee) outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself, before subscribing for the provisionally allotted Rights Shares, as to the full observance of the laws and regulations of all relevant territories and jurisdictions, including the obtaining of any governmental or other consents and to pay taxes and duties required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been or will be fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation or warranty. If you are in doubt as to your position, you should consult your own professional advisers. In particular, this Prospectus and the Prospectus Documents should not be distributed, forwarded to or transmitted in, into or from the United States or any other jurisdiction where such distribution or transfer might be unlawful. **The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws and regulations of any territory or jurisdiction.**

Application for excess Rights Shares

Qualifying Shareholders (other than the PRC Southbound Trading Investors) are entitled to apply for, 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 renouncees or transferees of nil-paid Rights Shares,

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

Applications for the 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 with the Registrar on or before 4:00 p.m. on Tuesday, 8 July 2025. The Directors will, subject to the compliance with the Listing Rules, allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

LETTER FROM THE BOARD

- (i) subject to the availability of excess Rights Shares, the excess Rights Shares will be allocated to the 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 the excess Rights Shares made by the Sponsors (being the Controlling Shareholders) or their associates (the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for the 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 PAL(s) or the existing number of Shares held by the Qualifying Shareholders.

If the aggregate number of Rights Shares underlying the Untaken Shares is greater than the aggregate number of the excess Rights Shares being applied for under EAF(s), 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 a nominee company (including HKSCC Nominees Limited) 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 the excess Rights Shares will not be extended to beneficial owners individually.

In the event that the Board notes unusual patterns of excess applications and has reason to believe that any excess applications may have been made with the intention to abuse the mechanism, such application(s) for the excess Rights Shares may be rejected at the sole discretion of the Board.

LETTER FROM THE BOARD

Qualifying Shareholders (other than the PRC Southbound Trading Investors) who wish to apply for the excess Rights Shares in addition to their provisional allotment must complete and sign an EAF (in accordance with the instructions printed thereon) and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Tuesday, 8 July 2025. All remittances must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by banker's cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to "YUZHOU GROUP HOLDINGS COMPANY LIMITED – EXCESS APPLICATION ACCOUNT" and crossed "Account Payee Only".

An announcement of results of the Rights Issue will be published on the websites of the Stock Exchange and the Company on Tuesday, 15 July 2025. If no excess Rights Shares are allotted to a Qualifying Shareholder who has applied for the excess Rights Shares, the remittance tendered on application is expected to be returned to the Qualifying Shareholders in full without interest by means of cheques despatched by the Registrar by ordinary post at the risk of such Qualifying Shareholders to their registered addresses on or before Wednesday, 16 July 2025. If the number of the excess Rights Shares allotted to a Qualifying Shareholder is fewer than that applied for, the surplus application monies are also expected to be returned to that Qualifying Shareholder without interest in the above manner on or before Wednesday, 16 July 2025.

Fractional entitlement 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" above.

Arrangement on odd lot trading

Immediately after completion of the Rights Issue, the board lots of the Company will remain as 1,000 Shares. In order to facilitate the trading of odd lots of Shares which will arise upon completion of the Rights Issue, the Company has appointed Computershare Hong Kong Investor Services Limited 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 Thursday, 17 July 2025 to 4:00 p.m. on Wednesday, 6 August 2025 (both days inclusive).

LETTER FROM THE BOARD

Shareholders who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full board lot may contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong to make an appointment in advance at telephone number (852) 2862 8555 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) within such period.

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.

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 Wednesday, 16 July 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 Wednesday, 16 July 2025 by ordinary post to the applicants' registered addresses, at their own risk.

Application for listing of the Rights Shares

The Company has applied to the Stock Exchange 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 Shares in one board lot.

LETTER FROM THE BOARD

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 the 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 HKSCC and HKSCC 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, in the case of Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

It is emphasised that none of the Company or Directors accept responsibility for any tax effect or liability of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares.

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.

LETTER FROM THE BOARD

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 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 (where applicable) can be scaled down to a level which (a) does not trigger an obligation on 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 (b) 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.

Having considered, among other things, (i) parameters of the Rights Issue stipulated in the RSA, including the agreed minimum proceeds to be raised (being equal to the proceeds attributable to the subscription for the Rights Shares in respect of the Undertaking Shares); (ii) the Irrevocable Undertaking; and (iii) completion of the Rights Issue being a condition precedent to the occurrence of the Restructuring Effective Date, the Directors are of the view that it is in the interest of the Company and its shareholders as a whole to conduct the Rights Issue on a non-underwritten basis.

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.

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 announcements of the Company dated 17 September 2024 and 8 October 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 and the Scheme Effective Date (as defined in the Schemes) has occurred on 4 October 2024 in accordance with the terms of the Schemes. 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.

LETTER FROM THE BOARD

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 Prospectus.

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) out of proceeds attributable to the subscription for the Rights Shares in respect of the Undertaking Shares (up to approximately HK\$66.3 million):
 - (a) up to approximately HK\$42.9 million for the payment of the RSA Fees; and
 - (b) up to approximately HK\$23.4 million for the payment of work fee to the creditors and/or fees of the Ad Hoc Group’s advisors; and
- (ii) out of the remaining proceeds:
 - (c) 50% for the payment of fees (primarily work fee payable to the creditors) in connection with the Proposed Restructuring; and
 - (d) 50% for the general working capital needs and other expenses of the Group.

LETTER FROM THE BOARD

Completion of the Rights Issue is a condition precedent to the occurrence of the Restructuring Effective Date. The Rights Issue is a major milestone towards the implementation of the Proposed Restructuring. The remaining balance of the RSA Fees and fees payable to the creditors, to the extent they are not financed by proceeds from the Rights Issue, will be financed by other financial resources of the Group. 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 certain 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.

As disclosed in the announcement of the Company dated 31 October 2024, the Company proposes to allot and issue New Equity in accordance with the terms of the RSA. Save for the New Equity, the Company does not have any definitive plan to conduct further equity fundraising as at the Latest Practicable Date. The Company will however continue to monitor and evaluate (i) market conditions; (ii) the Group's financial position; and (iii) the results of Rights Issue, among other things, to evaluate if there is a need for further fundraising.

LETTER FROM THE BOARD

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 Latest Practicable Date to completion of the Rights Issue other than the issuance and allotment of the Rights Shares), for illustration purposes only:

	As at the Latest Practicable Date		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%
Public Shareholders (Notes 5 and 6)	2,016,028,005	30.81%	3,003,881,730	30.81%	2,016,028,005	23.89%
Total	6,543,909,500	100.00%	9,750,425,155	100.00%	8,438,683,981	100.00%

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 the “Letter from the Board” in this Prospectus.
- 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 Latest Practicable Date, (i) Ms. Kwok was directly interested in 1,384,239 Shares and indirectly interested in 1,918,663,481 Shares held by Plentiful Wise Developments Limited, a company wholly-owned by herself; and (ii) Mr. Lam was directly interested in 27,729,929 Shares and indirectly interested in 1,919,109,051 Shares held by Studious Profits Limited, a company wholly-owned by himself.
- As at the Latest Practicable Date, Mr. Lin Conghui, an executive Director, was directly interested in 10,265,697 Shares. Mr. Lin Conghui is the brother-in-law of Mr. Lam.
- As at the Latest Practicable Date, Overseas Chinese Town was interested in 650,729,098 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 Latest Practicable Date. Please refer to the section headed “Fractions of the Rights Shares” in the “Letter from the Board” in this Prospectus.
- 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.

LETTER FROM THE BOARD

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

Pursuant to the terms of the Share Option Schemes, the subscription prices on the exercise of the Share Options and/or number of Shares related to the Share Options under the Share Option Schemes may be adjusted in accordance with the Share Option Schemes upon the Rights Issue becoming unconditional. Any adjustment will be made in compliance with the terms of the Share Option Schemes, the Listing Rules and the applicable guidance issued by the Stock Exchange from time to time.

The Company will notify the holders (if any) of the Share Options and the Shareholders by way of announcement regarding adjustments to be made (if any) pursuant to the terms of the Share Option Schemes upon completion of the Rights Issue.

FUNDRAISING EXERCISE OF THE COMPANY DURING THE PAST 12 MONTHS

The Company did not conduct any fundraising activities in connection with any issue of equity securities during the 12 months immediately preceding the Latest Practicable Date.

LISTING RULES IMPLICATIONS

As the Rights Issue will not increase the total number of the issued Shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the announcement of the Rights Issue, 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 the Announcements, 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 purpose of Rule 7.27B of the Listing Rules.

LETTER FROM THE BOARD

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is subject to the fulfilment of conditions set out in the section headed “Conditions of the Rights Issue” in the “Letter from the Board” in this Prospectus. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

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 are recommended to consult their professional advisers.

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 should take note that it is expected that the successful implementation of the Proposed Restructuring will substantially reduce the Group’s indebtedness and alleviate the liquidity pressure. However, they should also take note that given the current industry conditions remain challenging and its recovery is taking longer than expected, there can be no assurance that the Group will not need to implement further liability management and/or holistic restructuring to address any of the Group’s repayment obligations in relation to its outstanding indebtedness.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this Prospectus.

Yours faithfully,
For and on behalf of the Board
Yuzhou Group Holdings Company Limited
Kwok Ying Lan
Chairman

1 SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2022, 2023 and 2024 are disclosed in the following documents which have been published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yuzhou-group.com) (details of website addresses as set out below):

- (i) annual report of the Company for the year ended 31 December 2022 published on 26 April 2023 (pages 102-277):

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0426/2023042600009.pdf>)

- (ii) annual report of the Company for the year ended 31 December 2023 published on 25 April 2024 (pages 96-260):

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042503063.pdf>)

- (iii) annual report of the Company for the year ended 31 December 2024 published on 25 April 2025 (pages 117-262):

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0425/2025042500635.pdf>).

2 STATEMENT OF INDEBTEDNESS

At the close of business on 30 April 2025, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the Group had the following indebtedness:

As at 30 April 2025, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had outstanding indebtedness of RMB52,928 million, consisting of bank and other borrowings of RMB10,720 million, corporate bonds of RMB2,839 million and senior notes of RMB39,369 million. The bank and other borrowings were secured by (i) certain properties under development, investment properties, properties held for sales of the Group; (ii) corporate guarantees executed by certain subsidiaries of the Group; and (iii) guarantee bank deposits. The amount of secured bank and other borrowings was RMB10,720 million, of which the amount of guaranteed bank and other borrowings was RMB9,916 million. The amount of secured and guaranteed corporate bonds was RMB1,764 million, and the amount of unsecured but guaranteed corporate bonds was RMB1,075 million. The amount of secured but unguaranteed senior notes was RMB39,369 million.

The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. The guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate ownership certificates to the purchaser and then passed to the bank. As at 30 April 2025, the guarantees in respect of the mortgage facilities provided to certain purchasers of the Group's properties amounted to RMB11,537 million.

As at 30 April 2025, the guarantees to banks and other lenders by the Group in respect of facilities granted to joint ventures and an associate were RMB53 million and RMB1,135 million, respectively. The guarantee to banks and other lenders by the Group in respect of facilities granted to certain contractors for construction cost were RMB14 million. The Group provided guarantees to banks and other lenders in respects of facilities granted to independent third parties amounting to RMB4,803 million. The principal of RMB2,817 million was included in the Group's interest-bearing bank and other borrowings, and the provision of expected credit loss on the financial guarantee was RMB2,222 million.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, normal trade and other payables and contract liabilities, the Group did not have any material debt securities issued and outstanding, or authorised or otherwise created but unissued, or term loans, other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptance (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages, charges or other contingent liabilities or guarantees as at the close of business on 30 April 2025.

3 WORKING CAPITAL STATEMENT

As at 30 April 2025, the Group had outstanding offshore notes with an aggregate principal amount of US\$5,466.9 million, while cash and bank balances (including restricted cash) was RMB2,677.6 million. Such conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In preparing the working capital forecast for the Group for the 12 months from the date of this Prospectus, the Group was unable to obtain any legally binding agreements including: (i) written extension agreements with revised repayment schedule with relevant lenders in respect of overdue bank and other borrowings; (ii) written agreements with relevant lenders in respect of bank and other borrowings to the effect that they will not exercise their right to demand immediate repayment of the relevant bank and other borrowings prior to their scheduled contractual repayment dates as triggered by cross-default; and (iii) confirmation on the renewal of existing loans which will become due for repayment within the 12 months from the date of this Prospectus. As such, based on the existing default/cross-default events, the Group was unable to confirm that it would have sufficient working capital for its present requirements for at least 12 months from the date of this Prospectus as required under paragraph 30 of Appendix D1B to the Listing Rules.

The Group may implement the following plans to ensure that it would have sufficient working capital for at least the 12 months ending 30 June 2026:

- (a) the Group is implementing the Proposed Restructuring which has been approved at the scheme meetings that took place on 16 September 2024, the consummation of which will entail a significant deleveraging of the Group's offshore indebtedness and 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;
- (b) the Group has been actively negotiating with other lenders that are not included in the Proposed Restructuring on the repayment, renewal and extension of borrowings;
- (c) the Group has been in the process of implementing an asset disposal plan for investment properties to generate additional cash inflows;
- (d) the Group will continue to monitor its cash flow and work with professional advisers to assess and take necessary steps to preempt or mitigate imminent risk of non-payment (if any) in respect of the Group's outstanding indebtedness. In respect of the Group's offshore indebtedness, in the event of a funding shortfall, the Group will promptly implement liability management on offshore indebtedness, including but not limited to the New Notes, to ensure the payment obligations can be met; and
- (e) the Group has implemented cost control measures and minimized capital expenditures to preserve liquidity for on-going development of its existing property development projects and operation of other businesses.

Taking into account the financial resources available to the Group, including internally generated funds from its operations, the minimum proceeds from the Rights Issue (being the proceeds attributable to the subscription for the Rights Shares in respect of the Undertaking Shares), the existing borrowings, and based on the assumptions that (i) the Proposed Restructuring will be consummated; (ii) the Group will be able to renew repayment schedules of bank and other borrowings as forecast; (iii) the relevant lenders of the existing bank and other borrowings will not exercise their rights to demand immediate repayment of the relevant borrowings prior to their scheduled contractual repayment dates; and (iv) the Group will be able to effectively preempt or mitigate imminent risk of non-payment (if any) in respect of the Group's outstanding indebtedness, in the absence of unforeseeable circumstances, the Directors, after due and careful consideration, are of the opinion that the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this Prospectus.

In the event the above plans could not be effectively implemented or were not successful as expected, the Group will not have sufficient working capital for the next 12 months from the date of this Prospectus. The Company will consider and seek for other appropriate alternative plan(s), including but not limited to potential equity or debt fund raising exercise, negotiation with lenders on the renewal and/or extension of borrowings, in order to ensure that the Group will have sufficient working capital.

The Company has obtained a letter on the working capital statement from its auditor.

4 MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5 BUSINESS REVIEW AND PROSPECTS

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

Since mid-2021, the PRC's real estate sector has been in a downward adjustment cycle, with both total property sales and average sales prices showing a continuous downward trend, whilst the inventory turnover cycle continues to lengthen. Since early 2025, various supportive and favorable policies for the sector have been introduced, which have had some positive impact in promoting stable development of the industry. However, sales performance has yet to stabilise or recover. The decline in residential property sales in recent years, coupled with tightened financing channels, has made both onshore and offshore fundraising extremely difficult for real estate developers (including the Company), putting sustained and significant pressure on cash flow. As a result, the PRC real estate companies face challenging operating conditions.

The Company has been working hard and made consistent efforts to overcome difficulties in this prolonged challenging operating environment, such as launching active marketing initiatives to boost sales, optimising the debt structure through debt restructuring and extensions, improving cash flow by realising asset value, and enhancing efficiency by controlling costs and maintaining frugal expenditure. These measures have enabled the Company to continue operating at a reduced level. Going forward, the Company will remain committed to making every effort to achieve sustainable development.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE LIABILITIES OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 December 2024 (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company as if the Rights Issue had taken place on 31 December 2024.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and based on the judgements, estimates and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible liabilities of the Group attributable to owners of the Company following the Rights Issue as at the date to which it is made up or at any future date.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 December 2024, as extracted from the published annual report of the Company for the year ended 31 December 2024 and with adjustments described below:

			Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 December 2024 immediately after the completion of the Rights Issue HK\$'000 (Notes 3)	Audited consolidated net tangible liabilities of the Group attributable to owners of the Company per Share as at 31 December 2024 before the completion of the Rights Issue HK\$ (Notes 4)	Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company per Share as at 31 December 2024 after the completion of Rights Issue HK\$ (Notes 5)
	Audited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 December 2024 HK\$'000 (Notes 2)	Estimated net proceeds from the Rights Issue HK\$'000 (Notes 3)			
Rights Issue of 3,206,515,655 Rights Shares to be issued at Subscription Price of HK\$0.035 per Rights Share	(14,287,309)	110,228	(14,177,081)	(2.18)	(1.45)

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- (1) Based on the 3,206,515,655 Rights Shares to be issued at the Subscription Price of HK\$0.035 per Rights Share pursuant to the Rights Issue on the basis of 49 Rights Shares for every 100 existing Shares held by the Qualifying Shareholders on the Record Date and 6,543,909,500 Shares in issue as at the Latest Practicable Date.
- (2) The audited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 December 2024 is based on the capital and reserves attributable to owners of the Company at 31 December 2024 of approximately HK\$13,549,576,000 (equivalent to RMB12,547,450,000), as shown on the audited consolidated statement of financial position of the Group as at 31 December 2024 which is extracted from the published annual report of the Company for the year ended 31 December 2024, adjusted to exclude the deferred tax assets of approximately HK\$737,733,000 (equivalent to RMB683,170,000).
- (3) The estimated net proceeds from the Rights Issue are calculated based on 3,206,515,655 Rights Shares, derived on the basis of 49 Rights Shares for every 100 existing Shares held by the Qualifying Shareholders on the Record Date based on 6,543,909,500 Shares in issue immediately before the completion of the Rights Issue, to be issued at the Subscription Price of HK\$0.035 per Rights Share, after deduction of the estimated related expenses, including among others, financial advisory fee and other professional fees, which are directly attributable to the Rights Issue, of approximately HK\$2,000,000.
- (4) The calculation of audited consolidated net tangible liabilities of the Group attributable to owners of the Company per Share as at 31 December 2024 before the completion of the Rights Issue is based on the audited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 December 2024 of approximately HK\$14,287,309,000 (equivalent to RMB13,230,620,000), divided by 6,543,909,500 existing Shares in issue as at 31 December 2024.
- (5) The unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company per Share immediately after the completion of the Rights Issue (assuming full acceptance of the Rights Shares by all of the Qualifying Shareholders) is arrived at based on the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company immediately after completion of the Rights Issue of approximately HK\$14,177,081,000 (equivalent to RMB13,128,544,000) divided by 9,750,425,155 pro forma Shares which comprise (i) 6,543,909,500 existing Shares in issue as at 31 December 2024, and (ii) 3,206,515,655 Rights Shares to be issued assuming that the Rights Issue has been completed on 31 December 2024.
- (6) Save as disclosed above, no adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2024.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

(B) ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Prism Hong Kong Limited, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this Prospectus.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Yuzhou Group Holdings Company Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Yuzhou Group Holdings Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 31 December 2024 and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 to II-2 of Appendix II to the Company's prospectus dated 23 June 2025 (the “**Prospectus**”) in connection with the proposed rights issue on the basis of 49 rights share for every 100 existing shares held by the Qualifying Shareholders on the record date at the Subscription Price of HK\$0.035 per rights share (the “**Rights Issue**”). The applicable criteria on the basis of which the directors of the Company have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of Appendix II of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the directors of the Company to illustrate the impact of the Rights Issue on the audited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 31 December 2024 as if the Rights Issue had taken place on 31 December 2024. As part of this process, information about the audited consolidated net tangible liabilities of the Group attributable to the owners of the Company has been extracted by the directors of the Company from the Group's audited consolidated financial statements for the year ended 31 December 2024, on which annual report has been published.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG7**”), issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management (“**HKSQM**”) 1, “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements”, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG7 issued by the HKICPA.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 31 December 2024 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of the Company in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Prism Hong Kong Limited

Certified Public Accountants

Yip Chi Chiu

Practising Certificate Number: P06934

Hong Kong

23 June 2025

1 RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2 SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the Rights Issue (assuming there are no changes in the number of issued Shares from the Latest Practicable Date up to completion of the Rights Issue and full subscription under the Rights Issue) were and will be as follows:

<i>Authorised:</i>		<i>HK\$</i>
<u>100,000,000,000</u>	Shares of HK\$0.10 each	<u>10,000,000,000.00</u>
<i>Issued and fully paid-up share capital:</i>		
6,543,909,500	Shares in issue as at the Latest Practicable Date	654,390,950.00
	Shares to be allotted and issued under	
	the Rights Issue (assuming full subscription	
<u>3,206,515,655</u>	under the Rights Issue)	<u>320,651,565.50</u>
<u>9,750,425,155</u>	Shares	<u>975,042,515.50</u>

All the Shares in issue are fully-paid and rank *pari passu* in all respects including as regards to dividends, voting rights and return of capital. All Rights Shares to be issued will rank *pari passu* with the then existing Shares in issue in all respects. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Rights Shares.

The Company has applied to the Stock Exchange for the listing of and permission to deal in the Rights Shares (in both their nil-paid and fully-paid forms). Other than the Public Exchange Notes (as defined in the RSA Announcements) which are listed on the Singapore Exchange (SGX) and the New Notes (as defined in the RSA Announcements) in respect of which listing and quotation on the Singapore Exchange (SGX) will be applied for, no part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company has 98,424,000 outstanding Share Options granted under the Share Option Schemes.

As at the Latest Practicable Date, save for the outstanding Share Options as disclosed above, the Company did not have any other options and other convertible securities or rights affecting the Shares and no capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

As at the Latest Practicable Date, the Company had no founder or management or deferred shares.

3 DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations

(i) Directors' interests in securities of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) to be entered in the register referred to in section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules (the “**Model Code**”), were as follows:

Long position

Name	Capacity/Nature of interest	Number of Shares interested	Approximate percentage of the total issued share capital of the Company
Mr. Lam (Notes 1 and 2)	Interest of controlled corporation, interest of spouse and beneficial owner	3,866,886,700	59.09%
Ms. Kwok Ying Lan (Notes 1 and 3)	Interest of controlled corporation, interest of spouse and beneficial owner	3,866,886,700	59.09%
Mr. Lin Conghui	Beneficial owner	10,265,697	0.16%

Notes:

1. Ms. Kwok and Mr. Lam are married to each other.
2. Mr. Lam directly owned 27,729,929 Shares and 1,919,109,051 Shares were registered in the name of Studios Profits Limited (“**Studios Profits**”). Mr. Lam held 100% of the entire issued share capital of Studios Profits and was deemed to be interested in the 1,919,109,051 Shares held by Studios Profits pursuant to the SFO.
3. Ms. Kwok directly owned 1,384,239 Shares and 1,918,663,481 Shares were registered in the name of Plentiful Wise Developments Limited (“**Plentiful Wise**”). Ms. Kwok held 100% of the entire issued share capital of Plentiful Wise and was deemed to be interested in the 1,918,663,481 Shares held by Plentiful Wise pursuant to the SFO.

Save as disclosed above, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code.

(ii) Substantial shareholders' interests

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, other than the interests disclosed above in respect of certain Directors and chief executive of the Company, the interests and short positions of persons in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Long position

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of the issued share capital of the Company
Overseas Chinese Town (Asia) Holdings Limited 華僑城(亞洲)控股有限公司 (Note)	Interest of controlled corporation	650,729,098	9.94%
City Legend International Limited 華昌國際有限公司 (Note)	Beneficial owner	650,729,098	9.94%

Note:

City Legend International Limited (華昌國際有限公司) is a wholly-owned subsidiary of Overseas Chinese Town, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock code: 03366.HK).

Save as disclosed above, as at the Latest Practicable Date, the Directors and the senior management of the Company are not aware of any other person who had an interest or short position in the Shares or underlying shares of the Company as disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to section 336 of Part XV of the SFO

4 LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance that is known to the Directors to be pending or threatened against the Group.

5 MATERIAL CONTRACTS

Save for the RSA, the Group did not enter into any contract which was or might be material other than those entered into in the ordinary course of business of the Group during the two years immediately preceding the Latest Practicable Date.

6 DIRECTORS' INTEREST IN CONTRACTS, ASSETS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors had: (i) any direct or indirect interests in any asset which have been since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; or (ii) any material interest in any subsisting contract or arrangement at the Latest Practicable Date which is significant in relation to the business of the Group.

7 QUALIFICATION AND CONSENT OF THE EXPERT

The following is the qualification of the professional adviser who has given opinion or advice contained in this Prospectus:

Name	Qualification
Prism Hong Kong Limited	Certified Public Accountants, Hong Kong

As at the Latest Practicable Date, the expert named above has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its report and/or references to its name in the form and context in which they appear in this Prospectus.

As at the Latest Practicable Date, the expert named above did not have any shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the expert named above did not have any direct or indirect interest in any assets which have been, since 31 December 2024 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

8 CORPORATE INFORMATION AND THE PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered Address	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head Office	Yuzhou Plaza 299 Jingang Road Pudong New District Shanghai People's Republic of China

Principal Place of Business in Hong Kong	Units 5801-02, 58/F The Center 99 Queen's Road Central Central Hong Kong
Authorised Representatives	Mr. Lam Lung On (<i>J.P.</i>) Ms. Kwok Ying Lan Units 5801-02, 58/F The Center 99 Queen's Road Central Central Hong Kong
Company Secretary	Mr. Chiu Yu Kang Units 5801-02, 58/F The Center 99 Queen's Road Central Central Hong Kong
Independent Auditor	Prism Hong Kong Limited Units 1903-1905, 19/F 8 Observatory Road Tsim Sha Tsui Hong Kong
Legal Advisers to the Company in relation to the Rights Issue	<i>As to Hong Kong laws:</i> Linklaters 11/F, Alexandra House Chater Road Central Hong Kong <i>As to PRC laws:</i> Commerce & Finance Law Offices 12-15th Floor China World Office 2 No. 1 Jianguomenwai Avenue Beijing 100004 People's Republic of China

Principal Bankers	Industrial and Commercial Bank of China China Construction Bank Corporation Agricultural Bank of China Bank of China Bank of China (Hong Kong) Hongkong and Shanghai Banking Corporation Hang Seng Bank China CITIC Bank International
Principal Share Registrar and Transfer Office	Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House 24 Sheddon Road George Town Grand Cayman KY1-1110 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17/F Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

9 PARTICULARS OF DIRECTORS

(a) Name and address of the Directors

Name	Address
Ms. Kwok Ying Lan	Units 5801-02, 58/F The Center 99 Queen's Road Central Central Hong Kong
Mr. Lin Conghui	
Mr. Lam Lung On (<i>J.P.</i>)	
Mr. Liang Xingchao	
Mr. Lam Kwong Siu	
Mr. Wee Henny Soon Chiang	
Mr. Yu Shangyou	

(b) Profiles of the Directors***Executive Directors*****Ms. Kwok Ying Lan**

Ms. Kwok Ying Lan (“**Ms. Kwok**”), aged 54, was appointed as an executive Director on October 9, 2009 and was appointed as the Chairman of the Company’s Board of Directors on June 24, 2022. She is also a member of the remuneration committee (the “**Remuneration Committee**”) and the nomination committee (the “**Nomination Committee**”) of the Company.

Since joining the Company in April 1997, Ms. Kwok has held various positions including but not limited to chairman, director and general manager in most of the Company’s subsidiaries and is primarily responsible for the financial, capital and auditing work of the Company. Ms. Kwok has over 27 years of experience in property development and financial management. Ms. Kwok was an executive Director of the Xiamen Association of Enterprises with Foreign Investment. Ms. Kwok also serves as a member of the Standing Committee of the Xiamen Municipal Committee of the Chinese People’s Political Consultative Conference, the vice president of the Hong Kong Chinese Importers’ & Exporters’ Association, the Deputy Chairman of the Hong-Kong Xiamen Friendship Union and so on the public service positions. She is the spouse of Mr. Lam Lung On, a non-executive Director, and the sister-in-law of Mr. Lin Conghui, an executive Director.

Ms. Kwok has not held any directorship in any other public listed companies in the past three years. Ms. Kwok worked for China Construction Bank Xiamen Branch, a state owned bank, before she joined the Company.

Mr. Lin Conghui

Mr. Lin Conghui, aged 54, was appointed as an executive Director on October 9, 2009. Since joining the Company in July 1998, Mr. Lin Conghui has held positions including but not limited to chairman and director in most of the Company’s subsidiaries and is primarily responsible for the daily operation management of cost purchasing department.

Mr. Lin Conghui has over 31 years of experience in project management. He graduated from Tongji University with a diploma in Architecture Engineering in January 2006. Mr. Lin Conghui is the brother-in-law of Mr. Lam Lung On, non-executive Director, and Ms. Kwok, an executive Director. Mr. Lin Conghui has not held any directorship in any other public listed companies in the past three years.

*Non-executive Directors***Mr. Lam Lung On** (*J.P.*)

Mr. Lam Lung On (*J.P.*) (“**Mr. Lam**”), aged 60, the founder of the Group, was appointed as a non-executive Director on June 24, 2022. Since he founded the Group in December 1994, Mr. Lam has held various positions including but not limited to chairman, deputy chairman, director and general manager in most subsidiaries of the Group and is primarily responsible for overseeing the development planning and strategic layout of the Company as well as the major decisions on the investment and human resources of the Company.

He has over 30 years of experience in residential, commercial and hotel property development and investment. In 2006, Mr. Lam became an honorary citizen of Xiamen. Besides, he was appointed as a member of the Hong Kong Special Administrative Region (HKSAR) of the People’s Republic of China to the 14th National Committee of the Chinese People’s Political Consultative Conference (CPPCC) and has served in various public service positions, including a member of the HKSAR Election Committee, a member of the Standing Committee of the All-China Federation of Returned Overseas Chinese, and a member of the Tianjin Committee of the Chinese People’s Political Consultative Conference. Mr. Lam also serves as the honorary president of the Hong Kong Chinese Importers’ & Exporters’ Association, the president of the Greater Bay Area Importers’ & Exporters’ Commercial Association, the investment consultant of Xiamen, the visiting professor of the University of Science and Technology of China and the executive director of Jimei University.

Mr. Lam graduated from the University of Science and Technology of China with a Master’s degree in engineering in November 1996. Mr. Lam is the spouse of Ms. Kwok, an executive Director, and the brother-in-law of Mr. Lin Conghui, an executive Director.

Mr. Liang Xingchao

Mr. Liang Xingchao (“**Mr. Liang**”), aged 57, was appointed as a non-executive Director on 11 April 2025. Mr. Liang has over 29 years of experience in finance and capital operation. From July 1996 to May 1998, he worked at Xinhua Daily as a financial reporter, mainly responsible for financial news reporting and coverage. From May 1998 to December 2005, he worked at Shenzhen Economic Daily, with his last position being the chief reporter, mainly responsible for financial news analysis and reporting. From December 2005 to April 2018, he worked at Yunnan Urban Construction Investment Group Co., Ltd.* (雲南省城市建設投資集團有限公司)(currently known as Yunnan Health & Cultural Tourism Holding Group Co., Ltd.* (雲南省康旅控股集團有限公司)), with his last position being the vice president, mainly responsible for capital operation. From March 2017 to April 2020, he worked at Overseas Chinese Town (Yunnan) Investment Co., Ltd.* (華僑城(雲南)投資有限公司), with his position being deputy general manager, mainly responsible for capital operation. Since December 2018, he has served as the deputy general manager of Shenzhen OCT Capital Investment Management Co., Ltd.* (深圳華僑城資本投資管理有限公司) and has been the deputy general manager of Overseas Chinese Town (HK) Company Limited since July 2022, which is mainly responsible for capital operation. Mr. Liang has been a director of Jiangsu Guoxin Co., Ltd.* (江蘇國信股份有限公司)(a company listed on the Shenzhen Stock Exchange, stock code: 002608) from 19 May 2022 to 24 March 2025, a director of B.Duck Semk Holdings International Limited (stock code: 02250) since 23 October 2024, a director of Minsheng Education Group Company Limited (stock code: 01569) since 12 December 2024 and a director of E-House (China) Enterprise Holdings Limited (stock code: 2048) since 25 April 2025, respectively. Mr. Liang obtained his doctoral degree from Southwest Jiaotong University* (西南交通大學) in the PRC in December 2012.

Independent Non-executive Directors**Mr. Lam Kwong Siu**

Mr. Lam Kwong Siu, aged 91, was appointed as an independent non-executive Director on October 9, 2009. He is also the chairman of the Remuneration Committee and the Nomination Committee, and a member of the audit committee of our Company (the “**Audit Committee**”). Mr. Lam Kwong Siu has more than 51 years of capital operating experience and had held the following positions in the banking sector: the deputy chairman of Bank of China International Holdings Limited from 2001 to September 2024, a non-executive director of Bank of China International Limited since 2002, an independent non-executive director of Fujian Holdings Limited (stock code: 00181.HK) since 2003, an independent non-executive director of Xinyi Glass Holdings Limited (stock code: 00868.HK) since 2004, an independent non-executive director of Far East Consortium International Limited (stock code: 00035.HK) since 2011, an

independent non-executive director of Skymission Group Holdings Limited (stock code: 01429.HK) from November 2019 to September 2021 and a director of Hong Kong Chu Hai College since November 2021 and the Chairperson since December 2021. Mr. Lam Kwong Siu also holds many social positions, once the delegate of the Hong Kong Special Administrative Region of the PRC to the 10th National People's Congress, and currently serves as the honorary chairman of the Hong Kong Federation of Fujian Associations, life honorary chairman of the Chinese General Chamber of Commerce, adviser of the Hong Kong Chinese Enterprises Association and the honorary president of the Chinese Bankers Club of Hong Kong.

Mr. Wee Henny Soon Chiang

Mr. Wee Henny Soon Chiang (also known as Wee Toon Kian) (“**Mr. Wee**”), aged 78, was appointed as an independent non-executive Director on October 9, 2009. He is also the chairman of the Audit Committee, and a member of the Remuneration Committee and Nomination Committee. He has more than 41 years of experience in public accounting practice. Mr. Wee was an independent non-executive director of The Quaypoint Corporation Limited (now known as China Uptown Group Company Limited), a Cayman Islands incorporated company listed on the Hong Kong Stock Exchange (stock code: 02330.HK), from September 2001 to November 2006. He is the founder of Henny Wee & Co., a firm of Certified Public Accountants (Practising) registered at Hong Kong Institute of Certified Public Accountants in February 1988. Mr. Wee has been the partner of Henny Wee & Co. since 1988 and following a merger with another local firm of certified public accountants on April 1, 2016, he has been the managing partner of the merged SWC & Partners. He was also a partner of Glass Radcliffe Chan & Wee. Mr. Wee obtained a bachelor's degree in Commerce from the University of Newcastle, New South Wales, Australia, in March 1971. He became an Associate Member of the Institute of Chartered Accountants (Australia) in July 1975, and a Certified Public Accountant (Practicing) of the Hong Kong Society of Accountants, now known as the Hong Kong Institute of Certified Public Accountant since 1988.

Mr. Yu Shangyou

Mr. Yu Shangyou (“**Mr. Yu**”), aged 66, was appointed as an independent non-executive Director on June 24, 2022. He is also a member of the Audit Committee. Mr. Yu has over 33 years of experience in financial investment, capital operation and enterprise management.

From April 1988 to June 1993, Mr. Yu was a project manager for overseas investment at the Asia-America & Pacific investment management department of China Heilongjiang International Economic and Technical Cooperation Corporation (中國黑龍江國際經濟技術合作公司), a company primarily engaged in managing the local and foreign projects of economic and technical cooperation. From 1993 to October 2020, he held various directorship and senior management positions in China Overseas Group including being (1) a director of China Overseas Holdings Limited (中國海外集團有限公司), (2) a vice chairman and general manager of China Overseas Finance Investment Company Limited (中國海外金融投資有限公司), (3) directors of several subsidiaries of China Overseas Land & Investment Ltd. (中國海外發展有限公司), a company listed on the Stock Exchange (stock code: 00688.HK), and (4) an executive director of China Overseas Grand Oceans Group Limited (中國海外宏洋集團有限公司), a company listed on the Stock Exchange (stock code: 00081.HK). From May 2014 to November 2020, Mr. Yu was a director of CSCEC Capital (Hong Kong) Limited (中建資本(香港)有限公司), a subsidiary of China State Construction Capital (Hong Kong) Co., Ltd. (中國建築股份有限公司) which is a company listed on the Shanghai Stock Exchange (stock code: 601668.SH), during such period, he was responsible for the business management of the company. From 2009 to 2013 and from 2016 to 2021, Mr. Yu acted as a director of Anhui Guoyuan Trust Co. Ltd. (安徽國元信託有限責任公司), a company primarily engaged in trust and fund management. From 2014 to 2017, Mr. Yu also acted as a director of China Overseas Insurance Limited (中國海外保險有限公司). Mr. Yu has been recognized as a senior economist by China State Construction Company (中國建築工程總公司) in the PRC since May 1996. Mr. Yu obtained his Bachelor’s degree in finance from Jilin University of Finance and Economics (吉林財貿學院) in the PRC in July 1983. He also obtained his Master’s degree from the Center for International Studies from The Ohio University in the United States in August 1987.

10 DIRECTOR’S SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group which is not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

11 EXPENSES

The expenses in connection with the Rights Issue, including the fees of legal and financial advisers and auditors, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$2 million, which are payable by the Company.

12 GENERAL

The English language text of this Prospectus and the other Prospectus Documents shall prevail over its Chinese language text, in case of any inconsistency.

13 LEGAL EFFECT

This Prospectus, the PAL and the EAF, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong.

14 BINDING EFFECT

This Prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

15 DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent of the expert referred to in the paragraph headed “7 Qualification and Consent of the Expert” in this Appendix III, have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

16 DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yuzhou-group.com) for a period of 14 days from the date of this Prospectus:

- (a) the accountants’ report on the unaudited pro forma financial information of the Group set out in Appendix II to this Prospectus;
- (b) the material contract(s) referred to in the paragraph headed “5 Material Contracts” in this Appendix;

- (c) the written consent of the expert referred to in the section headed “7 Qualification and Consent of the Expert” in this Appendix;
- (d) the Irrevocable Undertaking;
- (e) the letter from the Board, the text of which is set out on pages 13 to 34 of this Prospectus; and
- (f) the Prospectus Documents.

17 MISCELLANEOUS

The company secretary of the Company is Mr. Chiu Yu Kang (“**Mr. Chiu**”). Mr. Chiu holds a Bachelor Degree in Business Administration in Accounting and Finance from the University of Hong Kong and a Master of Economics from the University of Hong Kong and is a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of Hong Kong Chartered Governance Institute.