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禹洲集團控股有限公司
YUZHOU GROUP HOLDINGS COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01628)

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the announcement of the Company dated 22 December 2016 in relation to the continuing connected transactions in respect of the provision of software products, software development services, information technology services, intelligence systems' design and installation integrated services, integrated communication services, communication consulting services and other related products and services to the Group by Xiamen Zongheng Group and its subsidiaries under the 2016 Integrated Services Master Agreement.

On 31 December 2019 and 31 December 2022, the Company and Xiamen Zongheng Group renewed and entered into the 2019 Integrated Services Master Agreement and the 2022 Integrated Services Master Agreement, respectively, to continue the provision of such services and other related services and products to the Group by Xiamen Zongheng Group and its subsidiaries for a term commencing from 1 January 2020 to 31 December 2022 and 1 January 2023 to 31 December 2025, respectively.

IMPLICATIONS OF THE LISTING RULES

Xiamen Zongheng Group is an associate of Mr. Lam Lung On and Ms. Kwok Ying Lan, the controlling shareholders of the Company, and hence is a connected person of the Company as defined under the Listing Rules. As such, the transactions contemplated under the Integrated Services Master Agreement constitute continuing connected transactions of the Company.

As all the applicable percentage ratios of the annual caps in respect of the transactions contemplated under the Integrated Services Master Agreements exceed 0.1% but were less than 5%, such transactions and the relevant annual caps for such transactions for each of the three years ended 31 December 2022 and 31 December 2025 respectively were subject to the reporting, annual review and announcement requirements, but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

REASONS FOR THE BREACH OF THE LISTING RULES

The Company noted that due to a combination of unforeseen external circumstances and internal operational challenges of the Company as stated in the paragraph headed "REASONS FOR THE BREACH OF THE LISTING RULES" below, the entering into of the Integrated Services Master Agreements being continuing connected transactions of the Company were overlooked. The Company's failure to comply with the reporting, annual review and announcement requirements in respect of the Integrated Services Master Agreements constitute non-compliance of the Listing Rules.

The Company reiterated that it has no intention for such non-compliance and the non-compliance was solely due to the reasons as stated in the paragraph headed "REASONS FOR THE BREACH OF THE LISTING RULES" below, and would also like to stress that legal and regulatory compliance has long been an important culture of the Group and that it has always treated compliance with the Listing Rules as a top priority. The Group has been maintaining regular communications with, and seeking advice from, its professional advisers since its listing on different aspects of Listing Rules compliance. In order to ensure proper compliance with the Listing Rules in the future, the Company is carrying out remedial measures.

INTRODUCTION

Reference is made to the announcement of the Company dated 22 December 2016 in relation to the continuing connected transactions in respect of the provision of software products, software development services, information technology services, intelligence systems' design and installation integrated services, integrated communication services, communication consulting services and other related products and services to the Group by Xiamen Zongheng Group and its subsidiaries under the 2016 Integrated Services Master Agreement.

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Set out below is a summary of the Integrated Services Master Agreements:

INTEGRATED SERVICES MASTER AGREEMENTS

Date:	For the 2019 Integrated Services Master Agreement: 31 December 2019 For the 2022 Integrated Services Master Agreement: 31 December 2022
Parties:	(1) the Company; and (2) Xiamen Zongheng Group.
Term:	For the 2019 Integrated Services Master Agreement: from 1 January 2020 to 31 December 2022 For the 2022 Integrated Services Master Agreement: from 1 January 2023 to 31 December 2025
Subject matter:	Pursuant to the Integrated Services Master Agreements, Xiamen Zongheng Group agreed to provide, or procure its subsidiaries to provide to the Group: (i) software products, including but not limited to operating platform, marketing channels network system, exhibition management and other integrated management system; (ii) information technology services, including but not limited to corporate computer network, computer equipment repair and maintenance, data communications maintenance, communications network maintenance and other related technical services;

(iii) intelligence systems' design and installation integrated services for the property projects developed by the Group, including but not limited to diversification of intelligence systems' design wiring services, computer network systems, building automation system, CCTV surveillance systems, burglar alarm systems, public broadcasting and background music systems, parking management systems, access control systems, building intercom system, electronic patrol management system, residential property management systems, remote meter reading and management systems, multimedia conferencing systems, large screen and projection system, stage lighting and sound system, intelligence systems' for residential properties and hotels and other related services;

(iv) integrated communication services, including but not limited to fixed telephone network, mobile communications networks, integrated data networks, broadband networks, wireless networks and other types of communications network construction, installation, maintenance, power support, cabling and other related services;

(v) communication consulting services, in relation to telecommunications, television, intercom systems, cabling information systems integration planning, design and construction, communications engineering, planning, survey and design services and other related services; and

(vi) other related products and services ((i) to (vi) above collectively, the "**Integrated Services**").

Service fee: The service fees was determined based on or with reference to the relevant market prices (being the prices at which comparable types of services are provided from or to (as appropriate) Independent Third Parties in the same area in the ordinary course of business), but in any event, no less favourable than the terms provided to other customers.

To ensure that the actual fees charged were on normal commercial terms, the Company would obtain fee quotes from at least two alternate Independent Third Party suppliers for comparison before proceeding to agree on the actual fees with Xiamen Zongheng Group.

The service fees should be payable by the Group on a monthly basis, which will be satisfied by internal resources of the Group.

The terms and the service fee payable under the Integrated Services Master Agreement was negotiated on an arm's length basis and determined with reference to market practice and applicable laws, regulations and government policies.

Historical transaction amounts

The table below sets forth the historical transaction amounts for the Integrated Services provided by Xiamen Zongheng Group and its subsidiaries to the Group for the six years ended 31 December 2022:

For the 2019 Integrated Services Master Agreement:

For the year ended 31 December 2017 *RMB'000*	**For the year ended 31 December 2018** *RMB'000*	**For the year ended 31 December 2019** *RMB'000*
46,241	39,507	14,024

For the 2022 Integrated Services Master Agreement:

For the year ended 31 December 2020 *RMB'000*	**For the year ended 31 December 2021** *RMB'000*	**For the year ended 31 December 2022** *RMB'000*
39,022	34,282	41,074

Annual cap amounts

The table below sets forth the annual caps for the provision of Integrated Services by Xiamen Zongheng Group and its subsidiaries to the Group for the six years ended 31 December 2025:

For the 2019 Integrated Services Master Agreement:

For the year ending 31 December 2020	**For the year ending 31 December 2021**	**For the year ending 31 December 2022**
RMB'000	*RMB'000*	*RMB'000*
50,000	50,000	50,000

For the 2022 Integrated Services Master Agreement:

For the year ending 31 December 2023	**For the year ending 31 December 2024**	**For the year ending 31 December 2025**
RMB'000	*RMB'000*	*RMB'000*
50,000	50,000	50,000

The above annual caps were determined by reference to (i) the historical transactions amounts under the 2016 Integrated Services Master Agreement, (ii) general inflation, (iii) the expected steady development of the business of the Group, (iv) the increase reliance on communication technology for the Group's operation and property projects developed by the Group, such as the surge in demand for network information technology upgrades and renovations in the commercial property sector.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors consider entering into the Integrated Services Master Agreements to be consistent with the business and commercial objectives of the Company. The Group requires communication technology related products and services to support its operations. The products and services covered by the Integrated Services Master Agreements are in great variety. In order to focus on its principal business, namely property development, the Group relies on external providers for such products and services. Xiamen Zongheng Group owns professional companies which are able to provide the above supporting services and products to the Group. In addition, the Group has long history of cooperation with Xiamen Zongheng Group and its subsidiaries, which have a better understanding on the Group's operation and needs in respect of communication technology.

The Directors (including the independent non-executive Directors) consider that the Integrated Services Master Agreements have been entered into in the ordinary and usual course of business of the Company and on normal commercial terms, that the terms of the Integrated Services Master Agreements are fair and reasonable and in the interests of the shareholders of the Company as a whole, and the relevant annual caps are fair and reasonable.

Save for Mr. Lam Lung On and Ms. Kwok Ying Lan, who have a material interest and hence abstained from voting on the Board resolutions regarding the Integrated Services Master Agreements and the relevant annual caps, none of the Directors has a material interest in the transactions contemplated under the Integrated Services Master Agreements or was required to abstain from voting on the Board resolutions for considering and approving the Integrated Services Master Agreements and the relevant renewals and annual caps.

REASONS FOR THE BREACH OF THE LISTING RULES

The Company noted that due to a combination of unforeseen external circumstances and internal operational challenges of the Company as stated below, the entering into of the Integrated Services Master Agreements being continuing connected transactions of the Company were overlooked. The Company's failure to comply with the reporting, annual review and announcement requirements in respect of the Integrated Services Master Agreements constitute non-compliance of the Listing Rules. The details are as follows:

1. Personnel Failure in Compliance Assessment: In general, the contract approval process is initiated by the business department of a project company which conducts preliminary internal review and a management review would be conducted at the city company level, after which it is submitted to the Group's Risk Control Department which would then liaise with the responsible compliance staff of the region where the project company belong, who would determine whether the agreement constitutes a notifiable or connected transaction under the Listing Rules. If the agreement has to be disclosed under the Listing Rules, the workflow will simultaneously be routed to the Information Disclosure Department and a joint review will be conducted by the Group's Finance and Operations Management Centres to follow up on the preparation of the relevant announcement and the expected signing date of the agreement, and the matter will be submitted to the Board for approval, and a timely publication of the announcement would be made upon signing of the agreement. Upon investigation, the Company finds that at the time when the Integrated Services Master Agreements were entered into in 2019 and 2022 respectively, the responsible compliance staff of the region where the project company belong failed to perform his duty as he did not have adequate knowledge under the Listing Rules to assess the Listing Rules implications of the Integrated Services Master Agreements and thus failed to determine whether the agreements were discloseable under the Listing Rules, resulting in the Information Disclosure Department not being informed about such agreements. Although the Integrated Services Master Agreements went through the contract approval process, the Group's Risk Control Department was not aware of the Listing Rules implications and the Information Disclosure Department was not aware of such agreements as they solely relied on the determination of the responsible compliance staff of the region where the project company belong as described hereinabove;

2. Impact of Post-Pandemic Policies and Employee Absences: In addition to the above, as the second renewal of the 2022 Integrated Services Master Agreement was entered into on 31 December 2022 and at that time, Mainland China had just relaxed its pandemic control measures (as officially announced in the Notice on Further Optimising and Implementing COVID-19 Prevention and Control Measures issued by the State Council Joint Prevention and Control Mechanism on 7 December 2022). The long period of restrictions was followed by a widespread resurgence of infections, leading to successive absences of the Company's Mainland-based employees due to illness. This again caused chaos in internal communication and document handover, resulting in the failure to initiate the disclosure process for the 2022 renewal in a timely manner; and

3. Operational Challenges Amid Industry Downturn: Furthermore, as reflected in the employee headcount numbers from the Company's annual reports, the Company has experienced a dramatic and continuous reduction in workforce amid the prolonged real estate industry downturn: from 7,572 employees (as of 31 December 2019), then fell to 7,295 (as of 31 December 2021), plummeted to just 1,985 (as of 31 December 2022*) (a nearly 74% drop from 2019 levels), and further declined to 1,211 (as of 31 December 2023), 1,012 (as of 31 December 2024), and 981 (as of 30 June 2025), representing an over 87% reduction in total employees from 2019 to mid-2025. The severe cash flow strain (due to poor sales proceeds collection in the industry) led the Company to implement organizational restructuring, which severely disrupted the continuity of document management and process handovers. The loss of key personnel responsible for contract filing and compliance review further contributed to the oversight in disclosure for both renewals.

* *Due to the disposal of Yuzhou Property Services Co., Limited, employees of the property management company were no longer included in the scope of consolidation, with 3,663 employees in property management company.*

The Company reiterated that it has no intention for such non-compliance and the non-compliance was solely due to the reasons as stated above, and would also like to stress that legal and regulatory compliance has long been an important culture of the Group and that it has always treated compliance with the Listing Rules as a top priority. The Group has been maintaining regular communications with, and seeking advice from, its professional advisers since its listing on different aspects of Listing Rules compliance. In order to ensure proper compliance with the Listing Rules in the future, the Company is carrying out remedial measures.

REMEDIAL MEASURES

In view of the non-compliance of the Listing Rules, the Company deeply regrets its failure to make timely disclosures in respect of the Integrated Services Master Agreements and would like to stress that such non-compliance was purely inadvertent and the Company had no intention to withhold any information relating to the Integrated Services Master Agreements from disclosure.

In order to ensure proper compliance with the Listing Rules in the future, the Company is promptly carrying out remedial measures to protect the interest of the Company and the Shareholders as a whole as follows:

1. By the end of February 2026, the Risk Control Department (in collaboration with its Legal and Audit Sub-teams) and the Finance Department conducted a comprehensive review of all historical connected transactions, prioritizing those involving Xiamen Zongheng Group and its affiliates per the sorted list, to verify compliance with Chapter 14A of the Listing Rules and document the investigation results in a centralized report for the Audit Committee's oversight. The Company would then comply with the required disclosure requirements and obtain any requisite approvals in accordance with the Listing Rules. Upon completion of the review, no other non-compliance of the Listing Rules was being identified.

2. By the end of March 2026, the Risk Control Department and Board Office have launched a mandatory, company-wide training on Chapter 14A, with a specific focus on compliance requirements for all percentage ratios; the training has covered correct ratio calculation, identification of scenarios requiring ratio exclusion, and non-compliance consequences The training has covered all relevant personnel (directors, senior management, business heads, finance/compliance staff) from project company level to the Group level and has used real-case examples to enhance practical understanding.

3. Meanwhile, by the end of March 2026, the Risk Control Department has conducted a full end-to-end review of the current connected transaction internal control workflow (spanning initiation, connected party identification, ratio calculation, approval, and disclosure), to identify gaps in alignment with Chapter 14A as described above under the paragraph headed "REASONS FOR THE BREACH OF THE LISTING RULES" and has revised both the workflow and the connected transaction management system accordingly such that, among others, the Group's Risk Control Department and the Information Disclosure Department would not solely rely on the assessment of the responsible compliance staff at project company level and would simultaneously review the transactions and counter check the assessment made by such responsible compliance staff, in order to explicitly embed all relevant legal requirements ensuring the system serves as a clear, actionable guide for all departments.

The Board believes that the above remedial measures are comprehensive, targeted, and capable of effectively addressing historical non-compliance and preventing future risks. The review of historical transactions directly addresses the risk of unaddressed gaps, while targeted training ensures personnel have the expertise to ensure correct ratio calculations. The full review and update of internal control processes and systems embed legal requirements into daily operations, creating a "process-driven" compliance mechanism that reduces reliance on individual expertise. These measures will establish a robust internal control system for connected transactions, fully complying with the Listing Rules and preventing similar incidents from recurring.

INFORMATION ON THE GROUP AND XIAMEN ZONGHENG GROUP

The Group is principally engaged in the development of high end residential, retail and commercial properties.

Xiamen Zongheng Group is a company established under the laws of the PRC on 6 January 1996 with limited liability. It, together with its subsidiaries, principally engages in various aspects of the provision of communication technology related products and services.

LISTING RULES IMPLICATIONS

Xiamen Zongheng Group is owned as to 89.997% by Xiamen Gangyi Information Technology Development Company Limited*(廈門港誼信息科技發展有限公司), as to 9.993% by Mr. Lin Longzhi, and as to 0.01% by an Independent Third Party. The ultimate beneficial owners of Xiamen Gangyi Information Technology Development Company Limited are Ms. Ye Biyun, who holds 99.64% of the equity, and Mr. Lin Conghui, who holds 0.36% of the equity. Among them, Ms. Ye Biyun is the mother of Ms. Kwok Ying Lan, the controlling shareholder and executive director of the Company; Mr. Lin Conghui is the executive director of the Company and the brother-in-law of Mr. Lam Lung On, the controlling shareholder and non-executive director of the Company; Mr. Lin Longzhi is the younger brother of Mr. Lam Lung On. Therefore, Xiamen Zongheng Group is an associate of Mr. Lam Lung On and Ms. Kwok Ying Lan, the controlling shareholders of the Company, and hence is a connected person of the Company as defined under the Listing Rules. As such, the transactions contemplated under the Integrated Services Master Agreement constitute continuing connected transactions of the Company.

As all the applicable percentage ratios of the annual caps in respect of the transactions contemplated under the Integrated Services Master Agreements exceed 0.1% but were less than 5%, such transactions and the relevant annual caps for such transactions for each of the three years ended 31 December 2022 and 31 December 2025 respectively were subject to the reporting, annual review and announcement requirements, but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"Company"	Yuzhou Group Holdings Company Limited(禹洲集團控股有限公司), an exempted company incorporated in the Cayman Islands on 23 April 2008 with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	shall have the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company

"2016 Integrated Services Master Agreement"	an integrated services master agreement dated 22 December 2016 entered into between Xiamen Zongheng Group and the Company in relation to the provision of Integrated Services by Xiamen Zongheng Group and its subsidiaries to the Group for the three years ended 31 December 2019
"2019 Integrated Services Master Agreement"	an integrated services master agreement dated 31 December 2019 entered into between Xiamen Zongheng Group and the Company in relation to the provision of Integrated Services by Xiamen Zongheng Group and its subsidiaries to the Group for the three years ended 31 December 2022
"2022 Integrated Services Master Agreement"	an integrated services master agreement dated 31 December 2022 entered into between Xiamen Zongheng Group and the Company in relation to the provision of Integrated Services by Xiamen Zongheng Group and its subsidiaries to the Group for the three years ended 31 December 2025
"Integrated Services Master Agreements"	collectively, the 2019 Integrated Services Master Agreement and the 2022 Integrated Services Master Agreement
"Group"	the Company and its subsidiaries
"Independent Third Party"	a person(s) or company(ies) who or which is or are independent of, and not connected with, any Director, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates
"Integrated Services"	has the meaning ascribed to it in this announcement
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PRC"	the People's Republic of China (excluding, for the purpose of this announcement, the Hong Kong Special Administrative Region of the People's Republic of China, the Macao Special Administrative Region of the People's Republic of China and Taiwan)
"RMB"	Renminbi, the lawful currency of the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Xiamen Zongheng Group"	Xiamen Zongheng Group Company Limited (廈門縱橫集團股份有限公司), a company established under the laws of the PRC with limited liability and an associate of Mr. Lam Lung On and Ms. Kwok Ying Lan, the controlling shareholders of the Company.
"%"	per cent.

* *for identification purpose only*

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

Hong Kong, 5 June 2026

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