

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action should be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in Yuzhou Group Holdings Company Limited, you should at once hand this circular, together with the accompanying Election Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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No shareholder receiving a copy of this circular and/or an Election Form in any territory outside Hong Kong may treat the same as an invitation to elect for Shares unless in the relevant territory such invitation could lawfully be made to that shareholder without Yuzhou Group Holdings Company Limited having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any shareholder outside Hong Kong who wishes to receive the Scrip Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdictions including any applicable procedures or any other similar formalities.



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)

Executive Directors:

Mr. Lam Lung On
(Chairman, J. P.)
Ms. Kwok Ying Lan *(Vice Chairman)*
Mr. Lin Conghui
Ms. Lam Yu Fong

Non-executive Director:

Ms. Xie Mei

Independent Non-executive Directors:

Mr. Lam Kwong Siu
Mr. Wee Henny Soon Chiang
Dr. Zhai Pu

Registered Office:

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Principal Place of Business in Hong Kong:

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99 Queen's Road
Central
Hong Kong

21 October 2020

To the shareholders of Yuzhou Group Holdings Company Limited

Dear Sir or Madam,

**SCRIP DIVIDEND SCHEME IN RELATION TO
THE INTERIM DIVIDEND FOR THE SIX MONTHS ENDED
30 JUNE 2020**

INTRODUCTION

On 24 August 2020, it was announced that the board of directors (the “**Board**”) of Yuzhou Group Holdings Company Limited (formerly known as Yuzhou Properties Company Limited) (the “**Company**”) has resolved to declare an interim dividend of HK12 cents per ordinary share of HK\$0.10 each of the Company (the “**Share**”) for the six months ended 30 June 2020 (the “**Interim Dividend**”) to eligible shareholders of the Company (the “**Eligible Shareholders**”) whose names appear on the register of members of the Company (the “**Register of Members**”) on 25 September 2020 (the “**Record Date**”), with an option to receive the Interim Dividend wholly or partly in new and fully paid Shares (the “**Scrip Shares**”) in lieu of cash (the “**Scrip Dividend Scheme**”).

The purpose of this circular is to set out the procedures which apply in relation to the Scrip Dividend Scheme and the actions which should be taken by the Eligible Shareholders in relation thereto.

PARTICULARS OF THE SCRIP DIVIDEND SCHEME

Pursuant to the Scrip Dividend Scheme, the Eligible Shareholders have the following choices in respect of the Interim Dividend:

- (i) cash of HK12 cents for each Share held on the Record Date;
- (ii) an allotment of the Scrip Shares credited as fully paid Shares and having an aggregate market value (calculated as described below) equal to, save for adjustment for fractions, the total amount of the Interim Dividend which such Eligible Shareholder would otherwise be entitled to receive in cash; or
- (iii) partly in cash and partly in the Scrip Shares.

The number of the Scrip Shares to be allotted pursuant to the Scrip Dividend Scheme was calculated by reference to the market value of HK\$3.158 per Share which was the average of the closing prices per Share (the “**Average Closing Price**”) as quoted on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the five consecutive trading days commencing from, and including, 21 September 2020 (being the day when the Shares were first quoted ex-dividend). Accordingly, the number of the Scrip Shares which the Eligible Shareholders, who have elected for the Scrip Shares, are entitled to receive in respect of the existing Shares registered under their names as at the Record Date will be calculated as follows:

$$\text{Number of the Scrip Shares to be received} = \frac{\text{Number of existing Shares held on the Record Date and elected for the Scrip Shares} \times \text{HK12 cents (Interim Dividend per Share)}}{\text{HK\$3.158 (Average Closing Price)}}$$

The Register of Members was closed from Wednesday, 23 September 2020 to Friday, 25 September 2020, both days inclusive, for the purpose of determining Eligible Shareholders who are entitled to receive the Interim Dividend.

The last day and time on which transfers were accepted for registration for participation in the Scrip Dividend Scheme was Tuesday, 22 September 2020 at 4:30 p.m. The number of the Scrip Shares to be issued to each Eligible Shareholder will be rounded down to the nearest whole number. Fractional entitlements to the Scrip Shares in respect of alternative (ii) above will be disregarded and the benefit thereof will accrue to the Company.

The Scrip Shares issued to the Eligible Shareholders pursuant to an election to receive all or part of their Interim Dividend in Scrip Shares may be allocated in odd lots (of fewer than a board lot of 1,000 Shares). No special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of the Scrip Shares issued in odd lots. Eligible Shareholders should be aware that odd lots usually trade at a discount to the price of board lots.

Based on 5,549,452,612 Shares in issue on the Record Date, if all the Eligible Shareholders choose to receive the Scrip Shares instead of cash in respect of the Interim Dividend, the Company will issue 210,872,170 Scrip Shares, representing approximately 3.80% of the existing issued share capital of the Company as at the Record Date and approximately 3.66% of the then issued share capital of the Company as enlarged by the issue of the Scrip Shares. The Scrip Shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respects with the existing Shares except that they will not be entitled to the Interim Dividend.

As at 15 October 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular (the “**Latest Practicable Date**”), there are outstanding options for subscription of 140,169,760 Shares under the share option scheme of the Company adopted on 24 May 2010. Save as disclosed above, as at the Latest Practicable Date, the Company has no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Shares, as the case may be.

ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme will give the Eligible Shareholders the opportunity to increase their investment in the Company at the market value without incurring brokerage fees, stamp duty and related dealing costs. The Scrip Dividend Scheme will also benefit the Company to the extent that such cash which would otherwise have been paid to Eligible Shareholders who elect to receive the Scrip Shares will be retained for use as working capital by the Company.

EFFECT OF THE SCRIP DIVIDEND SCHEME

The Eligible Shareholders should note that the Scrip Shares to be issued pursuant to the Scrip Dividend Scheme may give rise to discloseable requirements under the provisions of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The Eligible Shareholders, who are in any doubt as to whether these provisions would affect them as a result of their election of receiving the Interim Dividend in the form of the Scrip Shares, are recommended to seek their own professional advice.

ELECTION FORM

An election form in relation to the Scrip Dividend Scheme (the “Election Form”) is enclosed for use by the Eligible Shareholders who wish to receive the Interim Dividend wholly or partly in the form of the Scrip Shares.

If you elect to receive the Interim Dividend wholly in cash, you do not need to take any action. Therefore, please do not return the Election Form.

If you elect to receive the Interim Dividend wholly in the form of the Scrip Shares, you should complete and return the Election Form in accordance with the instructions printed thereon.

If you elect to receive the Interim Dividend partly in cash and partly in the form of the Scrip Shares, you should complete and return the Election Form in accordance with the instructions printed thereon. In particular, please enter in Box C of the Election Form with the number of Shares registered in your name on the Record Date for which you wish the Interim Dividend to be paid to you in the form of the Scrip Shares. If you do not specify the number of Shares for which you wish to receive the Interim Dividend in the form of the Scrip Shares or if your specified number is greater than your registered holding on the Record Date, in your signed and returned Election Form, you will be deemed to have elected to receive the Scrip Shares only in respect of ALL the Shares registered in your name on the Record Date, and you will receive the Interim Dividend in the Scrip Shares only.

The Election Form should be completed in accordance with the instructions printed thereon and returned to the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queens's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Friday, 6 November 2020. Failure to complete and return the Election Form in accordance with the instructions printed thereon will result in the relevant Eligible Shareholder's Interim Dividend being paid wholly in cash. No acknowledgement of receipt of the Election Form will be issued. No elections in respect of the Interim Dividend may, after the relevant Election Forms are signed and returned to the Company's Branch Share Registrar, be in any way withdrawn, revoked, superseded or altered.

If there is a tropical cyclone warning signal number 8 or above, 'extreme conditions' caused by super typhoons or a "black" rainstorm warning (either one of the warnings is referred to as the "Warning") in force, the above deadline for submission of the Election Form will be changed as follows:

- (a) If the Warning is in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 6 November 2020: the deadline for submission of the Election Form will be 5:00 p.m. on Friday, 6 November 2020.
- (b) If the Warning is in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m. on Friday, 6 November 2020: the deadline for submission of the Election Form will be rescheduled to 4:30 p.m. on the next business day which does not have any Warning in force at any time between 9:00 a.m. and 4:30 p.m.

SHAREHOLDERS RESIDING OUTSIDE HONG KONG

Based on the Register of Members as at the Record Date, there were seven overseas Eligible Shareholders with registered address in the People's Republic of China (the "PRC") and two Eligible Shareholders with registered address in the British Virgin Islands (the "BVI") and there were no other Eligible Shareholders whose registered address is outside of Hong Kong.

Based on the opinion of the Company's legal advisers on the laws of the PRC and the BVI, the Company is advised that there are no legal restrictions under the laws or regulatory requirements of the PRC and the BVI with respect to the issuing of the Scrip Shares and sending this circular and the Election Form to the Eligible Shareholders with registered address located in the PRC and the BVI. Accordingly, no Eligible Shareholder will be excluded from the receipt of the Scrip Shares. However, it is the responsibility of any Eligible Shareholder receiving the Scrip Shares to satisfy itself as to full observance of the laws, regulations and requirements of any relevant territory, including obtaining any governmental or other consents which may be required. It is also the responsibility of the Eligible Shareholder outside Hong Kong who receives the Scrip Shares to comply with any restrictions on the resale of the Scrip Shares which may apply outside Hong Kong.

No shareholder receiving a copy of this circular and/or an Election Form in any territory outside Hong Kong may treat the same as an invitation to elect for Shares unless in the relevant territory such invitation could lawfully be made to that shareholder without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any shareholder outside Hong Kong who wishes to receive the Scrip Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdictions including any applicable procedures or any other similar formalities. Persons who receive the Scrip Shares in lieu of the cash dividend must also comply with any restrictions on the transfer or sale of the Shares which may apply outside Hong Kong.

For the avoidance of doubt, the Scrip Shares are not being offered to the public and the Election Form is not transferable.

LISTING AND DEALINGS

The issuance of the Scrip Shares pursuant to the Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme. Application has been made to the Listing Committee of the Stock Exchange for a listing of and permission to deal in the Scrip Shares.

It is expected that the relevant dividend warrants and share certificates will be sent by ordinary post to the Eligible Shareholders on Friday, 27 November 2020 and at the risk of the Eligible Shareholders. Dealing of the Scrip Shares on the Stock Exchange is expected to commence on Monday, 30 November 2020.

Subject to the granting of the listing of, and permission to deal in the Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme on the Stock Exchange, such Scrip Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement System (the "CCASS"). All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Dealing in the Scrip Shares may be settled through CCASS and you should seek the advice of your stockbroker or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests.

The Shares are listed and dealt on the Stock Exchange and the following debt securities of the Company are listed on the Stock Exchange:

- (i) US\$300 million 7.85% green senior notes due 2026 issued in August 2020;
- (ii) US\$400 million 7.70% senior notes due 2025 issued in February 2020;
- (iii) US\$645 million 7.375% senior notes due 2026 issued in January 2020;
- (iv) US\$500 million 8.3% senior notes due 2025 issued in November 2019;
- (v) US\$500 million 8.375% senior notes due 2024 issued in October 2019;
- (vi) US\$320,147,000 6.375% senior notes due 2021 issued in March 2018;
- (vii) US\$352,476,000 7.90% senior notes due 2021 issued in May and July 2018;
- (viii) US\$350 million 6.00% senior notes due 2022 issued in January 2017;
- (ix) US\$242,069,000 8.625% senior notes due 2022 issued in January 2019;
- (x) US\$650 million 6.00% senior notes due 2023 issued in October 2016 and July 2019;
- (xi) US\$500 million 8.5% senior notes due 2023 issued in February 2019;
- (xii) US\$500 million 8.5% senior notes due 2024 issued in February 2019; and
- (xiii) US\$300 million senior perpetual securities issued in September 2017.

Save as disclosed above, no part of the equity or debt securities of the Company is listed or dealt on any other stock exchange nor listing or permission to deal on any other stock exchange is being or proposed to be sought.

GENERAL

Whether it is to your advantage to receive the Scrip Shares or cash shall depend on your own individual circumstances, and the decision in this regard and all effects resulting therefrom are the responsibility of each Eligible Shareholder. Eligible Shareholders who are trustees are recommended to take professional advice as to whether the choice of receiving the Scrip Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument. All the Eligible Shareholders residing outside Hong Kong should consult their professional advisers as to whether they are permitted to receive the Interim Dividend in scrip form or whether any government or other consents are required or other formalities need to be observed. If you are in any doubt as to any aspect of this circular or as to the action should be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

TIMETABLE

Set out below is a summary of the events in relation to the Scrip Dividend Scheme:

Event	Date
Last day of dealings in the Shares on a cum-dividend basis	Friday, 18 September 2020
Commencement of dealings in the Shares on an ex-entitlement basis	Monday, 21 September 2020
Fix the market value of a Scrip Share (five consecutive trading day average)	Monday, 21 September 2020 to Friday, 25 September 2020 (both dates inclusive)
Latest time for lodging transfers of the Shares	4:30 p.m. on Tuesday, 22 September 2020
Closure of the Register of Members for the purpose of determining shareholders' respective entitlements to the Interim Dividend	Wednesday, 23 September 2020 to Friday, 25 September 2020 (both days inclusive)
Record Date	Friday, 25 September 2020
Latest time and date for return of the Election Form	4:30 p.m. on Friday, 6 November 2020
Expected despatch of Interim Dividend warrants or share certificates for Scrip Shares to the Eligible Shareholders	Friday, 27 November 2020
Expected commencement of dealings in the Scrip Shares on the Stock Exchange	9:00 a.m. on Monday, 30 November 2020

Notes:

1. *References to time and dates in this circular are to Hong Kong time and dates.*

Yours faithfully,
By order of the Board
Yuzhou Group Holdings Company Limited
Lam Lung On
Chairman