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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 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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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

6 October 2021

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 2021**

INTRODUCTION

On 12 August 2021, it was announced that the board of directors (the “**Board**”) of Yuzhou Group Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) has resolved to declare an interim dividend of HK5.3 cents per ordinary share of HK\$0.10 each of the Company (the “**Share**”) for the six months ended 30 June 2021 (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 10 September 2021 (the “**Record Date**”), which will be payable wholly in form of 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.

PARTICULARS OF THE SCRIP DIVIDEND SCHEME

Under the Scrip Dividend Scheme, each Eligible Shareholder is entitled to receive the Interim Dividend by the allotment and issue of the Scrip Shares credited as fully paid up in lieu of cash. The cash which would otherwise have been paid to the shareholders will be retained for use as working capital by the Company and therefore, the Scrip Dividend Scheme would enhance the Group's continuous growth, maintain the financial stability and reduce the financing costs of the Group. In light of the above, the Group does not offer a right to the Eligible Shareholders to elect for cash dividend in lieu of the allotment of the Scrip Shares.

Pursuant to Article 142(3) of the articles of association of the Company, the Board may recommend the Company to satisfy scrip dividend wholly in the form of an allotment of Shares credited as fully paid up without offering any right to the Eligible Shareholders to elect to receive such dividend in cash in lieu of such allotment.

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\$1.396 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, 6 September 2021 (being the day when the Shares were first quoted ex-dividend). Accordingly, the number of the Scrip Shares which the Eligible Shareholders are entitled to receive in respect of the existing Shares registered under their names as at the Record Date on a pro-rata basis under the Scrip Dividend Scheme will be calculated as follows:

$$\text{Number of the Scrip Shares to be received} = \text{Number of existing Shares held on the Record Date} \times \frac{\text{HK5.3 cents (Interim Dividend per Share)}}{\text{HK\$1.396 (Average Closing Price)}}$$

The Register of Members was closed from Wednesday, 8 September 2021 to Friday, 10 September 2021, 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, 7 September 2021 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. No cash in lieu of fractional entitlements to Scrip Shares will be paid to the Eligible Shareholders as the Company considers that it is not cost effective to do so after taking into account the amounts of fractional entitlements in cash and the administrative expenses that will be incurred. As such, the fractional entitlements to the Scrip Shares will be disregarded and benefit thereof will accrue to the Company.

Based on 6,304,553,381 Shares in issue on the Record Date, since the Interim Dividend is payable by the allotment and issue of Scrip Shares credited as fully paid up in lieu of cash, a maximum of 239,356,253 Scrip Shares will be issued by the Company, 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.

The Scrip Shares will be allotted by way of capitalisation of the Company's reserves and are not renounceable.

As at 29 September 2021, 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 were outstanding options for subscription of (i) 122,257,760 Shares under the share option scheme of the Company adopted on 24 May 2010; and (ii) 61,075,000 Shares under the new share option scheme of the Company adopted on 4 June 2020. Save as disclosed above, as at the Latest Practicable Date, the Company had 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.

ARRANGEMENT OF ODD LOT TRADING

Odd lots of the Shares (of fewer than a board lot of 1,000 Shares) may arise out of the issuance of Scrip Shares. In order to facilitate the trading of odd lots (if any) of the Shares, the Company has appointed Yuzhou Financial Holdings Limited as the matching agent (the "**Matching Agent**") to provide matching service, on a best effort basis, to the Eligible Shareholders who wish to acquire odd lots of the Shares to make up a full board lot, or to dispose of their holding of odd lots of the Shares.

Holders of the Shares in odd lots who wish to take advantage of this matching facility either to dispose of their odd lots of the Shares or to top up to board lots of 1,000 Shares, may contact Ann Luk of Yuzhou Financial Holdings Limited at telephone number +852 2591 2308 during office hours. The Eligible Shareholders should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Eligible Shareholders are recommended to consult their professional advisers if they are in doubt about this service.

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 in the form of cash dividends will be retained for use as working capital by the Company. Accordingly, the Directors consider that the Scrip Dividend Scheme is in the interests of the Company and its shareholders as a whole.

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 the distribution of the Interim Dividend in the form of the Scrip Shares, are recommended to seek their own professional advice.

OVERSEAS SHAREHOLDERS

Based on the Register of Members as at the Record Date, there were 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 BVI, the Company is advised that there are no legal restrictions under the laws or regulatory requirements of the BVI with respect to the issuing of the Scrip Shares and sending this circular to the Eligible Shareholders with registered address located in 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.

As at the Record Date, an aggregate of 127,460,286 Shares, representing approximately 2.01% of the existing issued share capital of the Company, were held through the China Securities Depository and Clearing Corporation Limited (“**ChinaClear**”) as nominee under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (the “**PRC Southbound Trading Investors**”).

Pursuant to the Frequently Asked Questions Series 29 issued by the Stock Exchange on 17 November 2014 and updated on 4 November 2016 and 13 July 2018 on the interpretation of the Rules Governing the Listing of Securities on the Stock Exchange, investors from the People’s Republic of China (which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan) who are the PRC Southbound Trading Investors can participate in the Scrip Dividend Scheme through ChinaClear.

ChinaClear will provide nominee services for the PRC Southbound Trading Investors to receive the Scrip Shares in respect of his/her holding of Shares in accordance with the relevant laws and regulations.

The PRC Southbound Trading Investors should seek advice from their intermediary (including broker, custodian, nominee or ChinaClear participants) and/or other professional advisers for details of the logistical arrangements as required by ChinaClear, and provide necessary instructions with such intermediary in relation to the distribution of the Interim Dividend in the form of the Scrip Shares.

No shareholder receiving a copy of this circular 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 to comply with the laws of the relevant jurisdictions including any applicable procedures or any other similar formalities in respect of his/her receipt of the Scrip Shares under the Scrip Dividend Scheme. Persons who receive the Scrip Shares must also comply with any restrictions on the transfer or sale of the Shares which may apply outside Hong Kong. All the Eligible Shareholders residing outside Hong Kong should consult their professional advisers as to whether any government or other consents are required or other formalities need to be observed in order to receive the Scrip Shares.

For the avoidance of doubt, the Scrip Shares are not being offered to the public.

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 share certificates will be sent by ordinary post to the Eligible Shareholders on Friday, 12 November 2021 and at the risk of the Eligible Shareholders. Dealing of the Scrip Shares on the Stock Exchange is expected to commence on Monday, 15 November 2021.

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\$200 million 9.95% green senior notes due 2023 issued in August 2021;
- (ii) US\$562 million 6.35% green senior notes due 2027 issued in January 2021;
- (iii) US\$300 million 7.85% green senior notes due 2026 issued in August 2020;
- (iv) US\$400 million 7.70% senior notes due 2025 issued in February 2020;
- (v) US\$645 million 7.375% senior notes due 2026 issued in January 2020;
- (vi) US\$500 million 8.3% senior notes due 2025 issued in November 2019;
- (vii) US\$500 million 8.375% senior notes due 2024 issued in October 2019;
- (viii) US\$350 million 6.00% senior notes due 2022 issued in January 2017;
- (ix) US\$500 million 8.625% senior notes due 2022 issued in January 2019, of which the principal amount of US\$257,931,000 has been repurchased and cancelled by the Company in December 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.

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, 3 September 2021
Commencement of dealings in the Shares on an ex-entitlement basis	Monday, 6 September 2021
Fix the market value of a Scrip Share (five consecutive trading day average)	Monday, 6 September 2021 to Friday, 10 September 2021 (both dates inclusive)
Latest time for lodging transfers of the Shares	4:30 p.m. on Tuesday, 7 September 2021
Closure of the Register of Members for the purpose of determining shareholders’ respective entitlements to the Interim Dividend	Wednesday, 8 September 2021 to Friday, 10 September 2021 (both days inclusive)
Record Date	Friday, 10 September 2021
Expected despatch of share certificates for the Scrip Shares to the Eligible Shareholders	Friday, 12 November 2021
Expected commencement of dealings in the Scrip Shares on the Stock Exchange	9:00 a.m. on Monday, 15 November 2021
First date for the Matching Agent to stand in the market to provide matching services for odd lots of the Shares	9:00 a.m. on Monday, 15 November 2021

Last date for the Matching Agent ceases to
stand in the market to provide matching services
for odd lots of the Shares9:00 a.m. on
Monday, 13 December 2021

Note: 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