

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**MAJOR TRANSACTIONS IN RELATION TO
(1) ACQUISITION OF EQUITY INTEREST IN THE TARGET COMPANY
(2) DISPOSAL OF THE ENTIRE EQUITY INTEREST
IN THE DISPOSED COMPANIES**

References are made to the announcements of the Company dated 15 January 2018, 20 February 2018, 19 April 2018, 30 April 2018, 3 May 2018, 11 May 2018, 29 June 2018 and 23 August 2018, respectively and the circular of the Company dated 25 May 2018 in relation to, among others, the acquisition by a wholly-owned subsidiary of the Company, Affluent Ocean, for the entire equity interest in Century East Group Limited from the vendor, Coastal Greenland, pursuant to the Sale and Purchase Agreement dated 13 January 2018.

In order to centralise the Group's resources to increase the saleable resources and optimise the development of key regions, on 2 December 2022 (after trading hours), Coastal Greenland, Affluent Ocean and the Target Company entered into the Supplemental Agreement. Pursuant to the Supplemental Agreement, Coastal Greenland has conditionally agreed to sell, and Affluent Ocean has conditionally agreed to acquire, the Acquired Interest, being 66.67% of the equity interest in the Target Company, at a consideration of RMB120,000,000 and to procure the settlement of the Shareholder's Loan at a consideration of RMB760,000,000.

The aggregate consideration of RMB880,000,000 shall be satisfied by Affluent Ocean by way of (1) transferring the entire equity interest in Shanghai Coastal to Coastal Greenland at a consideration of RMB350,000,000; (2) transferring the entire equity interest in Shenyang Zhongguang to Coastal Greenland at a consideration of RMB360,000,000; and (3) a payment in cash to Coastal Greenland in the amount of RMB170,000,000. The Target Company will also be jointly liable for payment of RMB170,000,000 to Coastal Greenland in cash.

Upon Completion, the Target Company will be an indirect non-wholly owned subsidiary of the Company. The financial information of the Target Company will be consolidated into the Group's consolidated financial statements.

Upon Completion, each of Shanghai Coastal and Shenyang Zhongguang will cease to be an indirect wholly owned subsidiary of the Company and the financial information of Shanghai Coastal and Shenyang Zhongguang will no longer be consolidated into the financial statements of the Company.

LISTING RULES IMPLICATIONS

As one or more of the percentage ratios applicable to the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company and the Acquisition is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As one or more of the percentage ratios applicable to the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction for the Company and the Disposal is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, in lieu of resolutions to be passed at a general meeting of the Company, written Shareholders' approval for the Acquisition and the Disposal will be obtained from the controlling Shareholders, Mr. Lam Lung On and Ms. Kwok Ying Lan who are the Directors and spouse to each other and are directly holding 3,866,886,700 Shares of the Company in aggregate, representing approximately 59.09% of the issued share capital of the Company as at the date of this announcement. To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, none of the Shareholders has any material interest in the Acquisition and the Disposal and therefore no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Acquisition and the Disposal.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, (i) details of the Acquisition and the Disposal; and (ii) other information as required under the Listing Rules shall be despatched within 15 business days after publication of this announcement.

The Supplemental Agreement is subject to, among other things, the approval of the Shareholders. Shareholders and potential investors of the Company are advised to exercise caution when dealing in or investing in the securities of the Company.

INTRODUCTION

References are made to the announcements of the Company dated 15 January 2018, 20 February 2018, 19 April 2018, 30 April 2018, 3 May 2018, 11 May 2018, 29 June 2018 and 23 August 2018, respectively and the circular of the Company dated 25 May 2018 in relation to, among others, the acquisition by a wholly-owned subsidiary of the Company, Affluent Ocean, for the entire equity interest in Century East Group Limited from the vendor, Coastal Greenland, pursuant to the Sale and Purchase Agreement dated 13 January 2018.

In order to centralise the Group's resources to increase the saleable resources and optimise the development of key regions, on 2 December 2022 (after trading hours), Coastal Greenland, Affluent Ocean and the Target Company entered into the Supplemental Agreement. Pursuant to the Supplemental Agreement, Coastal Greenland has conditionally agreed to sell, and Affluent Ocean has conditionally agreed to acquire, the Acquired Interest, being 66.67% of the equity interest in the Target Company, at a consideration of RMB120,000,000 and to procure the settlement of the Shareholder's Loan at a consideration of RMB760,000,000.

The aggregate consideration of RMB880,000,000 shall be satisfied by Affluent Ocean by way of (1) transferring the entire equity interest in Shanghai Coastal to Coastal Greenland at a consideration of RMB350,000,000; (2) transferring the entire equity interest in Shenyang Zhongguang to Coastal Greenland at a consideration of RMB360,000,000; and (3) a payment in cash to Coastal Greenland in the amount of RMB170,000,000. The Target Company will also be jointly liable for payment of RMB170,000,000 to Coastal Greenland in cash.

THE SUPPLEMENTAL AGREEMENT

Date : 2 December 2022 (after trading hours)

Parties ^{Note 1} : (i) Coastal Greenland

(ii) Affluent Ocean

(iii) Zhuhai Coastal (i.e. the Target Company)

*Note 1: Pursuant to the confirmatory nomination agreement entered into between Coastal Greenland, Affluent Ocean and Coastal Greenland Development (Wuhan) Limited ("**Coastal Wuhan**") dated 30 May 2018, Coastal Greenland has nominated Coastal Wuhan to be the nominee shareholder of the Acquired Interest. Coastal Wuhan is the nominee shareholder of Coastal Greenland holding the Acquired Interest on trust for the benefit of Coastal Greenland and Coastal Greenland is the ultimate beneficial owner of the Acquired Interest.*

Assets to be acquired of

Pursuant to the Supplemental Agreement, Coastal Greenland has conditionally agreed to sell, and Affluent Ocean has conditionally agreed to acquire, the Acquired Interest, being 66.67% of the equity interest in the Target Company, at a consideration of RMB120,000,000 and to procure the settlement of the Shareholder's Loan at a consideration of RMB760,000,000.

Asset to be disposed of

The aggregate consideration of RMB880,000,000 for the Acquired Interest and the Shareholder's Loan shall be satisfied by Affluent Ocean by way of (1) transferring the entire equity interest in Shanghai Coastal to Coastal Greenland at a consideration of RMB350,000,000; (2) transferring the entire equity interest in Shenyang Zhongguang to Coastal Greenland at a consideration of RMB360,000,000; and (3) a payment in cash to Coastal Greenland in the amount of RMB170,000,000. The Target Company will also be jointly liable for payment of RMB170,000,000 to Coastal Greenland in cash.

Valuation

The value of the Shangchong Project in the books of Zhuhai Coastal, the Target Company, as at 31 March 2022 was RMB3,081,257,000.

The value of the Jianguomenwai Project in the books of Shanghai Coastal as at 31 December 2021 was RMB121,700,000.

The value of the Sujiatun Project in the books of Shenyang Zhongguang as at 31 December 2021 was RMB279,173,000.

The consideration for the Acquisition

The aggregate consideration for the purchase of the Acquired Interest and the settlement of the Shareholder's Loan is RMB880,000,000, out of which RMB120,000,000 is attributable to the purchase of the Acquired Interest and RMB760,000,000 is attributable to the settlement of the Shareholder's Loan.

The consideration for the Acquisition was determined after arm's length negotiations between Coastal Greenland and Affluent Ocean, taking into account (a) the unaudited net assets value of the Target Company; and (b) the future prospects of the Target Company as set out in the paragraphs headed "REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT" in this announcement.

The consideration for the Disposal

The aggregate consideration for the sale of the Disposed Interest is RMB880,000,000, out of which RMB350,000,000 is attributable to the sale of the entire equity interest in Shanghai Coastal to Coastal Greenland, RMB360,000,000 is attributable to the sale of the entire equity interest in Shenyang Zhongguang to Coastal Greenland and RMB170,000,000 shall be payable to Coastal Greenland by cash.

According to the Supplemental Agreement, Affluent Ocean and the Target Company shall be jointly payable for payment of RMB170,000,000 to Coastal Greenland and the payment shall be satisfied in the following manner:

- (i) as to RMB50,000,000 in cash to be released by the bank to Coastal Greenland upon the change of the legal representative of the Target Company to a person designated by Affluent Ocean; and
- (ii) as to the remaining RMB120,000,000 by 12 post-dated cheques drawn in favour of Coastal Greenland in the amount of RMB10,000,000 each.

The consideration for the Disposal was determine after arm's length negotiation between Coastal Greenland and Affluent Ocean, taking into account (a) the book value of the Jianguomenwai Project; (b) the book value of the Sujiatun Project; and (c) the parties' perception on the future prospects of the Jianguomenwai Project and the Sujiatun Project as set out in the paragraphs headed "REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT" in this announcement.

Condition precedent

The Supplemental Agreement shall be conditional upon having obtained the requisite approval from the shareholders of the Company and Coastal Greenland in relation to the transactions contemplated under the Supplemental Agreement.

Completion

Upon Completion, the Target Company will be an indirect non-wholly owned subsidiary of the Company. The financial information of the Target Company will be consolidated into the Group's consolidated financial statements.

Upon Completion, each of Shanghai Coastal and Shenyang Zhongguang will cease to be an indirect wholly owned subsidiary of the Company and the financial information of Shanghai Coastal and Shenyang Zhongguang will no longer be consolidated into the financial statements of the Company.

REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT

The purpose of entering into the Supplemental Agreement is to settle the outstanding obligations and liabilities of Coastal Greenland and Affluent Ocean under the Sale and Purchase Agreement. Coastal Greenland and Affluent Ocean entered into the Sale and Purchase Agreement on 13 January 2018 in relation to the acquisition of the entire equity interest in Century East Group Limited at a consideration of approximately RMB3,800,000,000. As at the date of this announcement, Affluent Ocean has paid RMB2,891,920,000 to Coastal Greenland. By entering into the Supplemental Agreement, Affluent Ocean and Coastal Greenland sought to resolve all the outstanding obligations of the parties under the Sale and Purchase Agreement. Upon Completion, Affluent Ocean and Coastal Greenland shall have completed all their obligations under the Sale and Purchase Agreement and the Supplemental Agreement and the outstanding balance of the consideration under the Sale and Purchase Agreement payable by Affluent Ocean in the sum of RMB908,080,000 will be waived by Coastal Greenland.

The above Acquisition and the Disposal, can centralise the Group's resources to increase the saleable resources, which will further implement the Group's strategy of "Leading with Locality Development". By optimising the development of key regions, it can bring higher investment returns to the Group.

The Group will not realise net proceeds from the transactions contemplated under the Supplemental Agreement since the Disposed Interest was part of the consideration for the Acquisition.

Taking into account the reasons for entering into the Supplemental Agreement as set out above, the Directors believe that the terms of the Supplemental Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION AND THE DISPOSAL

As a result of the Acquisition and the Disposal, the Company expects to record a loss of approximately RMB426,280,474, being the difference between the aggregate consideration, the unaudited net assets value of the Target Company, the book value of the Disposed Interest and the waiver of outstanding balance of the consideration under the Sale and Purchase Agreement payable by Affluent Ocean. The above figures are for illustrative purpose only. The actual loss in connection with the Acquisition and the Disposal will be determined based on, among other things, the financial position of the Target Company at Completion, fair value of the Disposed Interest at Completion and subject to the review and final audit by the independent auditors of the Company.

INFORMATION OF THE PARTIES

The Group

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

Affluent Ocean

Affluent Ocean is a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company. Affluent Ocean is principally engaged in investment holding.

Coastal Greenland

Coastal Greenland is principally engaged in investment holding and Coastal Greenland Group is engaged in the principal activities of property development, property investment, project management services and project investment services.

Zhuhai Coastal

Zhuhai Coastal, the Target Company, is a company established in the PRC and is principally engaged in property development. As at the date of this announcement and immediately prior to Completion, is owned directly as to 66.67% by Coastal Greenland and the remaining 33.33% by Hengqin Coastal Creative Exhibition Technology Co., Ltd.* (橫琴沿海創展科技有限公司), an independent third party. The sole material asset of Zhuhai Coastal is the Shangchong Project.

The unaudited net loss (both before and after taxation and extraordinary items) attributable to Zhuhai Coastal for the two financial years immediately preceding the date of the Supplemental Agreement were as follows:–

	For the year ended	
	31 March	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net loss (before taxation)	5,510	1,765
Net loss (after taxation)	5,510	1,765

The unaudited net asset value of Zhuhai Coastal as at 31 March 2022 was RMB89,166,000.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Coastal Greenland and Zhuhai Coastal and their respective ultimate beneficial owners are independent third parties.

INFORMATION OF THE DISPOSED INTEREST

Shanghai Coastal

Shanghai Coastal is a company established in the PRC with limited liability and a direct wholly owned subsidiary of Affluent Ocean as at the date of this announcement. It is principally engaged in property development and investment holding. The material assets of Shanghai Coastal are the Jianguomenwai Project and 65% equity interest in Beijing Tianlun Huanyu Investment Management Company Limited* (北京天倫寰宇投資管理有限公司) (“**Beijing Tianlun Huanyu**”), a dormant company established in the PRC with limited liability and the project company of the Jianguomenwai Project. The remaining 35% equity interest in Beijing Tianlun Huanyu was held by Beijing Enterprises Development Corporation* (北京實業開發總公司), an independent third party.

The unaudited net loss (both before and after taxation and extraordinary items) attributable to Shanghai Coastal for the two financial years immediately preceding the date of the Supplemental Agreement were as follows:–

	For the year ended	
	31 December	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net loss (before taxation)	–	–
Net loss (after taxation)	–	–

The unaudited net asset value of Shanghai Coastal as at 31 December 2021 was RMB10,053,000.

Shenyang Zhongguang

Shenyang Zhongguang is a company established in the PRC with limited liability and a direct wholly owned subsidiary of Affluent Ocean as at the date of this announcement. It is principally engaged in property development. The sole material asset of Shenyang Zhongguang is the Sujiatun Project.

The unaudited net loss (both before and after taxation and extraordinary items) attributable to the Shenyang Zhongguang for the two financial years immediately preceding the date of the Supplemental Agreement were as follows:–

	For the year ended	
	31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)

Net loss (before taxation)	25,327	5,778
Net loss (after taxation)	25,327	5,778

The unaudited net asset value of Shenyang Zhongguang as at 31 December 2021 was RMB301,036,000.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the percentage ratios applicable to the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company and the Acquisition is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As one or more of the percentage ratios applicable to the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction for the Company and the Disposal is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

WRITTEN SHAREHOLDERS' APPROVAL

Pursuant to Rule 14.44 of the Listing Rules, in lieu of resolutions to be passed at a general meeting of the Company, written Shareholders' approval for the Acquisition and the Disposal will be obtained from the controlling Shareholders, Mr. Lam Lung On and Ms. Kwok Ying Lan who are the Directors and spouse to each other and are directly holding 3,866,886,700 shares of the Company in aggregate, representing approximately 59.09% of the issued share capital of the Company as at the date of this announcement. To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, none of the Shareholders has any material interest in the Acquisition and the Disposal and therefore no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Acquisition and the Disposal.

CIRCULAR

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, (i) details of the Acquisition and the Disposal; and (ii) other information as required under the Listing Rules shall be despatched within 15 business days after publication of this announcement.

DEFINITIONS

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

“Acquired Interest”	the 66.67% of the equity interest in the Target Company
“Acquisition”	the acquisition of the Acquired Interest pursuant to the terms and conditions of the Supplemental Agreement
“Affluent Ocean”	Affluent Ocean International Limited (裕海國際有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Coastal Greenland”	Coastal Greenland Limited* (沿海綠色家園有限公司), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1124)
“Coastal Greenland Group”	Coastal Greenland and its subsidiaries
“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
“Completion”	completion of the Acquisition and the Disposal in accordance with the terms and conditions of the Supplemental Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Disposed Interest pursuant to the terms and conditions of the Supplemental Agreement
“Disposed Companies”	collectively, Shanghai Coastal and Shenyang Zhongguang
“Disposed Interest”	the entire equity interest in Shanghai Coastal and Shenyang Zhongguang

“Group”	the Company and its subsidiaries
“Jianguomenwai Project”	the commercial use project located at the north of 1A Jianguomenwai Avenue, Chaoyang District, Beijing, the PRC, the 65% equity interest of which is held by Shanghai Coastal
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“independent third party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 13 January 2018 entered into between Coastal Greenland as the vendor and Affluent Ocean as the purchaser in relation to the acquisition of an aggregate of 100% issued shares in Century East Group Limited
“Shangchong Project”	the residential use project located at Shangchong Village, Xiangzhou District, Zhuhai City, the PRC, the 100% equity interest of which is held by Zhuhai Coastal
“Shanghai Coastal”	Shanghai Coastal Commercial Investment Management Company Limited* (上海沿商投資管理有限公司), a company established in the PRC with limited liability and a direct wholly owned subsidiary of Affluent Ocean immediately prior to Completion
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder’s Loan”	the money owed by Zhuhai Coastal to Coastal Greenland in the sum of RMB807,734,000 as at 31 March 2022
“Shenyang Zhongguang”	Shenyang Zhongguang North Film and Television City Company Limited* (瀋陽中廣北方影視城有限公司), a company established in the PRC with limited liability and a direct wholly owned subsidiary of Affluent Ocean immediately prior to Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sujiatun Project”	the mixed use project located at Beishanwei Road, Chenxiangtun Town, Sujiatun District, Shenyang, Liaoning Province, the PRC, the 100% equity interest of which is held by Shenyang Zhongguang
“Supplemental Agreement”	the supplemental agreement to the Sale and Purchase Agreement dated 2 December 2022 entered into among Coastal Greenland, Affluent Ocean and Zhuhai Coastal in relation to, among other things, the Acquisition and the Disposal
“Target Company” or “Zhuhai Coastal”	Zhuhai Coastal Greenland Real Estate Company Limited* (珠海市沿海綠色家園房地產開發有限公司), a company established in the PRC with limited liability and as at the date of this announcement directly owned as to 66.67% by Coastal Greenland and 33.33% by an independent third party
“%”	per cent

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

Hong Kong, 6 December 2022

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

* *for identification purposes only*