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禹洲地產股份有限公司

YUZHOU PROPERTIES COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01628)

DISCLOSEABLE TRANSACTIONS – DEEMED DISPOSAL OF EQUITY INTEREST IN A WHOLLY OWNED SUBSIDIARY

CAPITAL INCREASE AGREEMENT

On 17 April 2014, Xiamen Yuzhou Group Realty (a wholly-owned subsidiary of the Company), Xiamen Richville (a wholly-owned subsidiary of the Company), Xiamen Yuzhou Seaview Property (a wholly-owned subsidiary of the Company through Xiamen Yuzhou Group Realty and Xiamen Richville) and Citic-CP Asset Management entered into the Capital Increase Agreement, pursuant to which Citic-CP Asset Management agreed to make an investment of RMB500 million to Xiamen Yuzhou Seaview Property, among which RMB300 million will be injected to Xiamen Yuzhou Seaview Property as registered capital of Xiamen Yuzhou Seaview Property and RMB200 million as capital reserve of Xiamen Yuzhou Seaview Property. Upon completion of the Capital Increase, the equity interests in Xiamen Yuzhou Seaview Property will be held as to 39.2% by Xiamen Yuzhou Group Realty, as to 40.8% by Xiamen Richville and as to 20% by Citic-CP Asset Management.

LISTING RULES IMPLICATIONS

Following completion of the Capital Increase, the aggregate equity interests of Xiamen Yuzhou Group Realty and Xiamen Richville in Xiamen Yuzhou Seaview Property will be diluted from 100% to 80% and Xiamen Yuzhou Seaview Property will become a non-wholly owned subsidiary of the Company. The Capital Increase will constitute a deemed disposal of the Group's equity interest in Xiamen Yuzhou Seaview Property under Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Capital Increase exceed 5% but below 25%, such transactions constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules, which are subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under the Listing Rules.

CAPITAL INCREASE AGREEMENT

Date: 17 April 2014

Parties: (1) Xiamen Yuzhou Group Realty;
(2) Xiamen Richville;
(3) Xiamen Yuzhou Seaview Property; and
(4) Citic-CP Asset Management.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, Citic-CP Asset Management and its respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Nature of Transaction

Pursuant to the Capital Increase Agreement, Citic-CP Asset Management will invest RMB500 million in Xiamen Yuzhou Seaview Property, among which RMB300 million will be injected into Xiamen Yuzhou Seaview Property as registered capital of Xiamen Yuzhou Seaview Property and the remaining RMB200 million as capital reserve of Xiamen Yuzhou Seaview Property. Upon completion of the Capital Increase, the registered capital of Xiamen Yuzhou Seaview Property will be increased from RMB1,200 million to RMB1,500 million.

The investment amounts were arrived at after arm's length negotiation among the parties to the Capital Increase Agreement with reference to the capital requirement for the development of Phase III of Yuzhou Central Coast (禹洲•中央海岸三期) in Xiamen, a property development project located at Jimei District of Xiamen, the PRC being developed by the Group's project company Xiamen Yuzhou Seaview Property.

Conditions Precedent

The Capital Increase is conditional upon having obtained all necessary approvals and authorizations, including but not limited to the approvals by the relevant PRC government authorities as may be required by Citic-CP Asset Management.

Citic-CP Asset Management shall pay the investment amount of RMB500 million in full within 10 business days after all the conditions precedent under the Capital Increase Agreement have been satisfied.

APPLICATION OF THE CAPITAL

The total investment of RMB500 million to be made by Citic-CP Asset Management will be applied by Xiamen Yuzhou Seaview Property to develop Phase III of Yuzhou Central Coast.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company believes that the transactions contemplated under the Capital Increase Agreement are beneficial to the Company and its shareholders, which will provide a source of capital for the Group to develop Phase III of Yuzhou Central Coast and improve debt and asset structure of the Group. Following completion of the Capital Increase, the Group will still hold 80% equity interest in Xiamen Yuzhou Seaview Property and will continue to benefit from the future growth and success of the Yuzhou Central Coast project.

The Directors (including the independent non-executive Directors) consider the terms of the Capital Increase Agreement to be fair and reasonable and in the interests of the Company and its shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the Capital Increase Agreement or is required to abstain from voting from the Board resolutions for considering and approving the same pursuant to the articles of association of the Company.

INFORMATION ON XIAMEN YUZHOU SEAVIEW PROPERTY

Xiamen Yuzhou Seaview Property is an indirectly wholly-owned subsidiary of the Company established under the laws of the PRC with limited liability and is principally engaged in the business of property development and management. It is the project company which develops and operates Yuzhou Central Coast (禹洲•中央海岸), a property development project located at Jimei District of Xiamen, the PRC.

Based on the financial information of Xiamen Yuzhou Seaview Property prepared under the HK GAAP, (i) the net asset value of Xiamen Yuzhou Seaview Property as at 31 December 2013 was approximately RMB1,465,607,000; (ii) its net loss (before taxation) for the financial year ended 31 December 2012 was approximately RMB23,541,000 and the net profit (before taxation) for the financial year ended 31 December 2013 was approximately RMB412,481,000; and (iii) its net loss (after taxation) for the financial year ended 31 December 2012 was approximately RMB23,541,000 and the net profit (after taxation) for the financial year ended 31 December 2013 was approximately RMB295,558,000.

FINANCIAL IMPACT ON THE GROUP

Following completion of the Capital Increase, the equity interest of the Group in Xiamen Yuzhou Seaview Property will be diluted from 100% to 80% and Xiamen Yuzhou Seaview Property will become a non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated with the Group's results.

It is expected that the net asset value of the Group will be increased by approximately RMB106,879,000 following completion of the Capital Increase and the Capital Increase would not have any significant impact on the Group's consolidated income statement.

INFORMATION ON THE GROUP AND THE PARTIES

The Group is principally engaged in the development of high end residential, retail and commercial properties. Xiamen Yuzhou Group Realty is a company established under the laws of the PRC with limited liability and is an indirectly wholly-owned subsidiary of the Company. Xiamen Richville is a company established under the laws of the PRC with limited liability and is an indirectly wholly-owned subsidiary of the Company. The principal business of each of Xiamen Yuzhou Group Realty and Xiamen Richville is property development and management.

Citic-CP Asset Management is a joint venture asset management company established in the PRC. Its principal businesses include asset management for special clients and other services that are permitted by the Securities & Futures Commission in Hong Kong. Citic-CP Asset Management is an associate of CITIC Group Corporation (中國中信集團有限公司), a state-owned transnational holding conglomerate established in the PRC pursuant to the approval of the State Council of the PRC.

LISTING RULES IMPLICATIONS

Xiamen Yuzhou Seaview Property is a wholly-owned subsidiary of the Company through Xiamen Yuzhou Group Realty and Xiamen Richville. Upon completion of the Capital Increase, the aggregate equity interest of Xiamen Yuzhou Group Realty and Xiamen Richville in Xiamen Yuzhou Seaview Property will be diluted from 100% to 80%. The Capital Increase will constitute a deemed disposal of the Group's equity interest in Xiamen Yuzhou Seaview Property under Rule 14.29 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Capital Increase”	the investment of RMB500 million by Citic-CP Asset Management in Xiamen Yuzhou Seaview Property through the capital contribution of RMB300 million as registered capital of Xiamen Yuzhou Seaview Property and RMB200 million as capital reserve of Xiamen Yuzhou Seaview Property pursuant to the Capital Increase Agreement
“Capital Increase Agreement”	a capital increase agreement dated 17 April 2014 entered into between Xiamen Yuzhou Group Realty, Xiamen Richville, Xiamen Yuzhou Seaview Property and Citic-CP Asset Management in relation to the Capital Increase
“Citic-CP Asset Management”	Citic-CP Asset Management Co., Ltd* (中信信誠資產管理有限公司), a company established under the laws of the PRC with limited liability and an associate of CITIC Group Corporation (中國中信集團有限公司)
“Company”	Yuzhou Properties Company Limited (禹洲地產股份有限公司), 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
“Group”	the Company and its subsidiaries
“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)

“HK GAAP”	the Generally Accepted Accounting Principles in Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xiamen Richville”	Xiamen Richville Development Ltd. * (廈門貴豐房地產開發有限公司), a company established under the laws of the PRC with limited liability and a wholly owned subsidiary of the Company
“Xiamen Yuzhou Group Realty”	Xiamen Yuzhou Group Realty Invest Co., Ltd. * (廈門禹洲集團地產投資有限公司), a company established under the laws of the PRC with limited liability and a wholly owned subsidiary of the Company
“Xiamen Yuzhou Seaview Property”	Xiamen Yuzhou Seaview Property Development Co., Ltd.* (廈門禹洲海景城房地產有限公司), a company established under the laws of the PRC with limited liability and a wholly owned subsidiary of the Company
“%”	per cent.

* for identification purpose only

By order of the Board
Yuzhou Properties Company Limited
Lam Lung On
Chairman

Hong Kong, 17 April 2014

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