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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 – ACQUISITION OF THE ENTIRE EQUITY INTEREST IN GREAT BLOOM HOLDINGS LIMITED

On 27 August 2014, the Company as purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which (i) the Company has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Share, which represent the entire issued share capital of the Target Company, at an aggregate consideration of HK\$373.8 million (subject to adjustment as detailed in the sub-paragraph headed “Adjustment to the consideration of the Acquisition” below), and (ii) the Vendor has conditionally agreed to assign the Shareholder’s Loan to the Company. Completion of the Acquisition is subject to fulfillment or waiver of certain conditions precedent as set out in the section headed “Conditions Precedent” below.

The Vendor is currently the sole shareholder of the Target Company, which is an investment holding company in property development. The Target Company is the sole shareholder of the HK Company which in turn is the registered and beneficial owner of the Property. After Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition under the Sale and Purchase Agreement would exceed 5% but are less than 25%, the Acquisition therefore constitutes a discloseable transaction for the Company under the Listing Rules.

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SALE AND PURCHASE AGREEMENT

Date : 27 August 2014

Parties:

Purchaser : the Company

Vendor : Pena Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is an investment holding company in property development.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties.

Subject matters:

Pursuant to the Sale and Purchase Agreement, the Company as purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Share, representing the entire issued share capital of the Target Company, free from all encumbrance and together with all rights and benefits attached or accruing thereto at or after Completion including the rights to receive all dividends and distribution made or declared at or after the Completion Date. The Vendor has further conditionally agreed to assign and transfer to the Company the Shareholder’s Loan, free from all encumbrance and together with all rights, title, benefits and interests therein and thereto at Completion.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial information of the Target Group will be consolidated into the accounts of the Group.

The consideration for the Acquisition

The aggregate consideration for the Acquisition (the “**Pre-Adjustment Consideration**”) (subject to adjustment as detailed in the sub-paragraph headed “Adjustment to the consideration of the Acquisition” below) (the “**Consideration**”) shall be:

- (i) HK\$373.8 million;
- (ii) plus the amount of the Net Current Asset Value as set out in the Pro-Forma Completion Accounts (if it is a positive amount) or minus the absolute value of the amount of such Net Current Asset Value as set out in the Pro-Forma Completion Accounts (if it is a negative amount);
- (iii) deducting the total amount of the Shareholder’s Loan (as shown in the Pro-Forma Completion Accounts).

which shall be paid in the following manner:

- (i) an initial deposit in the amount of HK\$10,000,000 being paid by the Company to the Vendor’s representative shall represent part payment of the Consideration upon Completion;
- (ii) a further deposit in the amount of HK\$27,380,000 shall be paid by the Company to the Vendor (or to such other parties as nominated by the Vendor or any of them) on the date of the Sale and Purchase Agreement; and
- (iii) an amount equal to the remaining balance of the Pre-Adjustment Consideration after deducting the deposits in (i) and (ii) above shall be paid by the Company at Completion to the Vendor (or to such other parties as nominated by the Vendor or any of them).

Stamp Duty

Pursuant to the Sale and Purchase Agreement, the Company has agreed that, in addition to the Consideration, it shall pay to the Vendor an amount of HK\$34,531,682 (“**Stamp Duty Payment**”) upon Completion, being the aggregate of:

- i. the buyer’s stamp duty in the sum of HK\$24,508,829 paid to the Stamp Office; and
- ii. the ad valorem stamp duty (at a new double rate as proposed by the Government of Hong Kong on 22 February 2013) paid by the HK Company in respect of its previous acquisition of the Property (if any) in the sum of HK\$10,022,853.

The Consideration has been determined after arm's length negotiation between the Company and the Vendor with reference to, among other things, the market valuation of the Property, which is estimated to be approximately HK\$385 million as at 31 December 2013 as indicated by an independent qualified valuer.

The Directors consider the Acquisition and the Consideration are fair and reasonable and on normal commercial terms and that the entering into the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

Adjustment to the consideration of the Acquisition

The Consideration payable is subject to the following adjustments following agreement or determination of the Completion Accounts:

- (i) there shall be added to the Pre-Adjustment Consideration the amount (if any) by which the Net Current Asset Value (determined by reference to the Completion Accounts) is more than the Net Current Asset Value (as set out in the Pro-Forma Completion Accounts); and
- (ii) there shall be deducted from the Pre-Adjustment Consideration the amount (if any) by which the Net Current Asset Value (determined by reference to the Completion Accounts) is less than the Net Current Asset Value (as set out in the Pro-Forma Completion Accounts).

Payment of the adjusted Consideration:

Within 5 Business Days after agreement or determination of the Completion Accounts in accordance with terms of the Sale and Purchase Agreement:

- (i) if the Consideration is increased pursuant to the adjustment set out above, the Company shall pay to the Vendor (or to such other parties as nominated by the Vendor or any of them) the amount of the increase; and
- (ii) if the Consideration payable is reduced pursuant to the adjustment set out above, the Vendor shall repay to the Company the amount of such deduction.

Completion

Completion shall take place on 24 October 2014 or such other date as the Vendor and the Company may agree in writing on which Completion takes place.

Material terms

Delivery of the Pro-Forma Completion Accounts

Pursuant to the Sale and Purchase Agreement, the Vendor shall, as soon as reasonably practicable but in any event no later than 5 Business Days prior to (but excluding) the Completion Date, deliver the Pro-Forma Completion Accounts to the Company and the Company's solicitors.

Delivery of the Completion Accounts

Pursuant to the Sale and Purchase Agreement, the Vendor shall procure that, by no later than 30 days after (and exclusive of) the Completion Date, the consolidated statement of financial position of the Target Group as at close of business on the Completion Date and the consolidated statement of comprehensive income of the Group for the period from 1 January 2014 to the Completion Date (which shall constitute the "**Draft Completion Accounts**") be prepared in accordance with the terms of the Sale and Purchase Agreement.

Following preparation of the Draft Completion Accounts, the Vendor shall procure that such accounts be delivered to the Purchaser as soon as reasonably practicable but in any event no later than 30 days after the Completion Date (or within such other period as the Vendor and the Purchaser may agree in writing) for review and audit by the Company and/or the Company's accountants. If, following review and audit by the Company and/or the Company's accountants, the Company disagrees with the Draft Completion Accounts, it may serve a notice in writing to that effect on the Vendor (a "**Dispute Notice**") as soon as reasonably practicable and in any event within 21 days of the date on which the Draft Completion Accounts were delivered to the Company (or within such other period as the Vendor and the Company may agree in writing). If within the 21 day period described above, (or within such other period as the Vendor and the Company may agree in writing):

- (a) the Company does not serve a Dispute Notice; or
 - (b) the Company notifies the Vendor in writing that it accepts the Draft Completion Accounts,
- the Draft Completion Accounts shall, in either such case, constitute the Completion Accounts.

INFORMATION ON THE TARGET GROUP

The Target Company

The Target Company was incorporated in the British Virgin Islands with limited liability on 26 April 2012 and is an investment holding company.

The HK Company

The HK Company was incorporated in Hong Kong with limited liability on 1 April 2012 and is the registered and beneficial owner of the Property. Apart from holding the Property, it does not carry out any other business.

Financial information of the Target Group

Each of the Target Company and the HK Company has not recorded any revenue since their respective date of incorporation.

According to the management accounts of the Target Company provided by the Vendor, the unaudited losses (before and after tax and extraordinary items) of the Target Company for the year ended 31 December 2012 was approximately HK\$6,955 and HK\$6,955 respectively and the unaudited losses (before and after tax and extraordinary items) of the Target Company for the year ended 31 December 2013 was approximately HK\$8,358 and HK\$8,358 respectively.

According to the management accounts of the HK Company provided by the Vendor, the unaudited losses (before and after tax and extraordinary items) of the HK Company for the year ended 31 December 2012 was approximately HK\$8,050 and HK\$8,050 respectively and the unaudited profits (before and after tax and extraordinary items) of the HK Company for the year ended 31 December 2013 was approximately HK\$112,549,602 and HK\$93,980,252 respectively.

The unaudited total assets, total liabilities and net deficits of the Target Company as at 31 March 2014 were amounted to approximately HK\$308,267,868, HK\$308,283,173 and HK\$15,305, respectively.

The unaudited total assets, total liabilities and net assets of the HK Company as at 31 March 2014 were amounted to approximately HK\$420,577,640, HK\$328,436,512 and HK\$92,141,128, respectively.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the development of high end residential, retail and commercial properties. It is the Group's strategy to seek investments from time to time so as to broaden the portfolio of the Group's properties. The Property is located at Caine Road, Hong Kong where many upscale residential properties are located. The Group intends to redevelop the Property into high end residential properties. The Board therefore considers that the Acquisition represents a good opportunity for the Group to further expand its properties portfolio and enhance its profitability and shareholder returns.

Taking into account the benefits of the Acquisition, the Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition under the Sale and Purchase Agreement would exceed 5% but are less than 25%, the Acquisition therefore constitutes a discloseable transaction for the Company under the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Share by the Company from the Vendor and the assignment of the Shareholder’s Loan to the Company from the Vendor pursuant to the Sale and Purchase Agreement
“Sale and Purchase Agreement”	the conditional agreement dated 27 August 2014 entered into between the Company and the Vendor in relation to the Acquisition
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open in Hong Kong to the general public for business
“Company”	Yuzhou Properties Company Limited (禹州地產股份有限公司), 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
“Completion”	the completion of the Sale and Purchase Agreement in accordance with the terms thereof

“Completion Account”	the statement of comprehensive income for the period from 1 January 2014 to the close of business on the Completion Date and the statement of financial position as at the close of business on the Completion Date for the Target Company to be prepared in accordance with the terms of the Sale and Purchase Agreement
“Completion Date”	24 October 2014 or such other date as the Vendor and the Company may agree in writing on which Completion takes place
“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
“HK Company”	Great Bonus Limited, a company incorporated under the laws of Hong Kong with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Net Current Asset Value”	total current assets minus total current liabilities of the Target Group, determined with reference to the Pro-Forma Completion Accounts or the Completion Accounts (as the case may be)
“Pro-Forma Completion Accounts”	the pro-forma consolidated statement of financial position of the Target Group as at close of business on the Completion Date and the pro-forma consolidated statement of comprehensive income of the Target Group for the period from the 1 January 2014 to the Completion Date (which shall constitute the “Pro-Forma Completion Accounts”) and which shall be prepared in accordance with the terms of the Sale and Purchase Agreement

“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)
“Property”	piece or parcel of ground registered in the Land Registry in Hong Kong as SUBSECTION 3 OF SECTION A OF INLAND LOT NO.150 and of and in the messuages, erections and buildings thereon now known as No.48 Caine Road, Hong Kong
“Sale Share”	1 ordinary share of par value of US\$1.00 in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement
“Shareholder’s Loan”	the loan (which is interest-free, unsecured and has no fixed repayment date) owing by the Target Company to the Vendor as at the Completion Date to be shown in the Pro-Forma Completion Accounts
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Great Bloom Holdings Limited, a company incorporated under the laws of the British Virgin Islands
“Target Group”	the Target Company and the HK Company
“Vendor”	Pena Investments Limited, a company incorporated in the British Virgin Islands
“%”	per cent.

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

Hong Kong, 28 August 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.