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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)**

### PLACING OF NEW SHARES UNDER GENERAL MANDATE

#### Placing Agents



On May 12, 2015 after trading hours, the Company and the Placing Agents entered into the Placing Agreement, pursuant to which, (a) Haitong and Huatai have agreed to act as the placing agents of the Company and on a best effort basis, to procure Placees to subscribe for up to an aggregate of 289,546,000 Placing Shares, and (b) Haitong has agreed to, on a fully-underwritten basis, to subscribe for or procure Placees to subscribe for 70,454,000 Placing Shares, at the Placing Price of HK\$2.20 per Placing Share. It is expected that all the Placing Shares will be placed to not less than six Placees (including entities controlled by Taiwan Life Insurance Co., Ltd. and TransGlobe Life Insurance Inc., respectively) who and whose ultimate beneficial owners are not connected with or acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with the directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules) and whom are not connected persons of the Company.

The 360,000,000 Placing Shares represent (i) approximately 10.42% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.43% of the enlarged issued share capital of the Company upon completion of the Placing, assuming no further

change in the share capital structure of the Company from the date of this announcement and up to the Completion. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$36,000,000.

The Placing Price of HK\$2.20 per Placing Share represents (i) a discount of approximately 12.35% to the closing price of HK\$2.51 per Share as quoted on the Stock Exchange on the date of this announcement, being the date of the Placing Agreement; and (ii) a discount of approximately 6.94% to the average closing price of approximately HK\$2.364 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of this announcement.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, all the Placing Shares.

Assuming all the Placing Shares are placed, it is estimated that the gross proceeds from the Placing will be HK\$792.0 million and the net proceeds, after deducting the placing fee and other costs and expenses, will be approximately HK\$779.0 million, representing a net placing price of approximately HK\$2.16 per Placing Share. The Company intends to use the net proceeds from the Placing for possible investments in the future when opportunities arise.

The Placing Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the 2014 AGM. The allotment and issue of the Placing Shares are not subject to any additional Shareholders' approval.

**The Placing Agreement may be terminated pursuant to the termination provisions contained therein. In addition, Completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## THE PLACING

The Board is pleased to announce that on May 12, 2015 after trading hours, the Company and the Placing Agents entered into the Placing Agreement, pursuant to which, (a) Haitong and Huatai have agreed to act as the placing agents of the Company and on a best effort basis, to procure Placees to subscribe for up to an aggregate 289,546,000 Placing Shares, and (b) Haitong has agreed to, on a fully-underwritten basis, to subscribe for or procure Placees to subscribe for 70,454,000 Placing Shares, at the Placing Price of HK\$2.20 per Placing Share. It is expected that all Placing Shares will be placed to not less than six Placees (including entities controlled by Taiwan Life Insurance Co., Ltd. and TransGlobe Life Insurance Inc., respectively) who and whose ultimate beneficial owners are not connected with or acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with the directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules) and whom are not connected persons of the Company.

Set out below is a summary of the principal terms of the Placing Agreement:

## **THE PLACING AGREEMENT**

### **Date**

May 12, 2015

### **Issuer**

The Company

### **Placing Agents**

- (1) Haitong International Securities Company Limited
- (2) Huatai Financial Holdings (Hong Kong) Limited

### **The Placing**

Haitong and Huatai have agreed to act as the placing agents of the Company and on a best effort basis, to procure Placees to subscribe for up to an aggregate of 289,546,000 Placing Shares, and Haitong has agreed to, on a fully-underwritten basis, to subscribe for or procure Placees to subscribe for 70,454,000 Placing Shares, at the Placing Price of HK\$2.20 per Placing Share.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, each of the Placing Agents and its ultimate beneficial owners are not connected with or acting in concert with the directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules) and whom are not connected persons of the Company.

### **Placees**

It is expected that all Placing Shares will be placed to not less than six Placees, (including entities controlled by Taiwan Life Insurance Co., Ltd. and TransGlobe Life Insurance Inc., respectively) who and whose ultimate beneficial owners are not connected with or acting in concert with the directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules) and whom are not connected persons of the Company. It is expected that none of the Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately after the Completion.

## **Number of Placing Shares**

The 360,000,000 Placing Shares represent (i) approximately 10.42% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.43% of the issued share capital of the Company after completion of the Placing, assuming no further change in the share capital structure of the Company from the date of this announcement and up to the Completion. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$36,000,000.

## **Placing Price**

The Placing Price of HK\$2.20 per Placing Share (exclusive of brokerage, Stock Exchange trading fees and SFC transaction levies) represents (i) a discount of approximately 12.35% to the closing price of HK\$2.51 per Share as quoted on the Stock Exchange on the date of this announcement, being the date of the Placing Agreement; and (ii) a discount of approximately 6.94% to the average closing price of approximately HK\$2.364 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of this announcement.

Assuming all the Placing Shares are placed, it is estimated that the gross proceeds from the Placing will be HK\$792.0 million and the net proceeds, after deducting the placing fee and other costs and expenses of the Placing, will be approximately HK\$779.0 million, representing a net placing price of approximately HK\$2.16 per Placing Share. The Directors (including the independent non-executive Directors) consider that the Placing Price, which was agreed after arm's length negotiations between the Company and the Placing Agents with reference to, among other things, the prevailing market price of the Shares, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Ranking of Placing Shares**

The Placing Shares, when issued and credited as fully paid up, will rank *pari passu* in all respects *inter se* and with all other Shares in issue on the date of allotment and issue of the Placing Shares.

## **General Mandate**

The Placing Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the 2014 AGM to allot, issue and otherwise deal with securities of the Company not exceeding 20% of the issued share capital of the Company as at the date of the 2014 AGM. Under the General Mandate, the Company is authorized to issue up to 691,199,999 new Shares. As at the date of this announcement, no securities of the Company have been issued under the General Mandate.

## **Conditions of the Placing**

Completion of the Placing is conditional upon the satisfaction of the following conditions:

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, all the Placing Shares (and such listing and permission not subsequently being revoked);
- (b) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Placing void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to the Placing (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Company to proceed with the Placing); and
- (c) the Placing Agreement not being terminated by the Placing Agents pursuant to the terms therein.

If the above conditions are not fulfilled on or prior to 9:00 p.m. on May 20, 2015 (or such later time and date as may be agreed by the Placing Agents and the Company in writing), the Placing Agreement shall lapse and become null and void, and save for certain clauses in the Placing Agreement which shall continue, all rights, obligations and liabilities of the parties in relation to the Placing shall cease and be terminated and none of the parties shall have any claim against any other party in respect of the Placing save for, among other things, any antecedent breach of any of the obligations and liabilities under the Placing Agreement.

## **Completion**

Subject to the fulfillment of the conditions set out above, Completion shall take place on May 22, 2015 or on such other date as may be agreed by the Placing Agents and the Company in writing.

## **Termination**

Notwithstanding anything contained in the Placing Agreement, if at any time prior to 8:00 a.m. on the date of Completion:

- (a) there has come to the notice of the Placing Agents:
  - (i) any material breach of the undertakings, warranties and representations of the Company set out in the Placing Agreement; or
  - (ii) any material breach of any of the obligations imposed upon the Company pursuant to the Placing Agreement; or

- (iii) any material adverse change in the business or in the financial or trading position or prospects of any member of the Group taken as a whole which is material in the context of the Placing; or
- (b) there develops, occurs, or comes into effect:
- (i) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the sole and absolute opinion of the Placing Agents would materially prejudice the success of the Placing; or
  - (ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which, in the sole and absolute opinion of the Placing Agents, would materially prejudice the success of the Placing; or
  - (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or the PRC and if in the sole and absolute opinion of the Placing Agents any such new law or change would materially and adversely affect the business or financial prospects of the Group and/or materially prejudice the success of the Placing; or
  - (iv) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or the PRC which would, in the sole and absolute opinion of the Placing Agents, materially prejudice the success of the Placing; or
  - (v) any litigation or claim of material importance of any third party being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial prospects of the Group and which in the sole and absolute opinion of the Placing Agents would materially prejudice the success of the Placing,

then and in any such case, the Placing Agents may, by giving a written notice to the Company, at any time prior to 8:00 a.m. on the date of Completion, terminate the Placing Agreement without liability to the other party thereto and save for certain clauses in the Placing Agreement which shall continue, the Placing Agreement shall thereupon cease to have effect, all obligations of each of the Parties under this Agreement shall cease and none of the parties shall have any rights or claims by reason thereof, except for, among other things, any antecedent breach of any of the obligations and liabilities thereunder.

The Board is not aware of the occurrence of any of the above events as at the date of this announcement.

### **Lock-up undertakings**

Pursuant to the Placing Agreement, the Company has undertaken to the Placing Agents that, except for (a) the allotment and issue of the Placing Shares in accordance with the provisions of the Placing Agreement, (b) any Shares or other securities or rights or options or warrants issued or granted or to be issued or granted to the shareholders of the Company by way of bonus or under any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its bye-laws or on the exercise of rights existing at the date of the Placing Agreement or by way of capitalization issue, (c) any Shares or other securities or rights or options or warrants issued or granted prior to the date of the Placing Agreement (including, without limitation, the share option scheme adopted by the Company) and (d) any Shares or other securities or rights or options or warrants to be issued or granted due to exercise of outstanding convertible bonds or exchangeable notes or other convertible securities or debt securities already issued by the Company, from the date of the Placing Agreement and up to and including August 11, 2015, the Company will not (without the prior written consent of the Placing Agents, whose consent shall not be unreasonably refused, withheld or delayed):

- (i) allot, issue, offer to allot or issue, grant any option, right or warrant to subscribe, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests therein or any securities convertible or exercisable for or substantially similar to any such Shares or interests; or
- (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in paragraph (i) above or this paragraph (ii) is to be settled by delivery of Shares or such other securities, in cash or otherwise; or
- (iii) announce any intention to enter into or effect any such transaction described in paragraphs (i) and (ii) above.



In the event completion of the Placing does not occur in accordance with the terms of the Placing Agreement, the above lock-up undertakings will cease to have effect.

## REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the development of high end residential, retail and commercial properties in the PRC and Hong Kong.

Assuming all the Placing Shares are placed, it is estimated that the gross proceeds from the Placing will be HK\$792.0 million and the net proceeds, after deducting the placing fee and other costs and expenses, will be approximately HK\$779.0 million, representing a net placing price of approximately HK\$2.16 per Placing Share. The Company intends to use the net proceeds from the Placing for possible investments in the future when opportunities arise.

The Directors (including the independent non-executive Directors) are of the view that the Placing will provide a good opportunity to raise additional funds to strengthen the financial position and to broaden the shareholder base and capital base of the Group to facilitate future development and can also increase the liquidity of the Shares with the addition of more institutional investors as the shareholders of the Company. The Directors are of the view that the terms of the Placing Agreement (including the placing fee) are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

## FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS

The Company has not conducted any other fund raising exercises in the past twelve months immediately before the date of this announcement.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholdings in the Company as at the date of this announcement and immediately after the Completion are and will be as follows:

|  | As at the date of<br>this announcement |                          | Immediately<br>after the Completion |                          |
|--|--|--------------------------|-------------------------------------|--------------------------|
|  | <i>Number of<br/>Shares</i>            | <i>Approximate<br/>%</i> | <i>Number of<br/>Shares</i>         | <i>Approximate<br/>%</i> |
| Mr. Lam Lung On and<br>Ms. Kwok Ying Lan ( <i>Note 1</i> ) | 2,592,000,000                          | 75.00                    | 2,592,000,000                       | 67.93                    |
| The Placees ( <i>Note 2</i> )                              | –                                      | –                        | 360,000,000                         | 9.43                     |
| Public   | 863,999,999                            | 25.00                    | 863,999,999                         | 22.64                    |
| Total:   | <u>3,455,999,999</u>                   | <u>100</u>               | <u>3,815,999,999</u>                | <u>100</u>               |



*Notes:*

1. Mr. Lam Lung On directly holds 1,296,000,000 Shares and Ms. Kwok Ying Lan directly holds 1,296,000,000 Shares. Ms. Kwok Ying Lan and Mr. Lam Lung On are married to each other; therefore, they are deemed to be interested in the Shares held by each other.
2. It is assumed that there would be no other issue of new Shares and no repurchase of existing Shares before the Completion, and the Placing Shares, being 360,000,000 new Shares, have been placed to not less than six independent Placees. It is expected that none of the Placees will become a substantial Shareholder (as defined in the Listing Rules) of the Company immediately after the Completion.

## **GENERAL**

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the General Mandate. Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

**The Placing Agreement may be terminated pursuant to the termination provisions contained therein. In addition, Completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

|                |   |
|----------------|---|
| “2014 AGM”     | the annual general meeting of the Company held on May 26, 2014 at which, among other things, a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders   |
| “Board”        | the board of Directors  |
| “Business Day” | any day (excluding Saturday and Sunday) on which commercial banks generally are open for business in Hong Kong  |
| “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 (Stock Code: 1628) |

|                       |   |
|-----------------------|---|
| “Completion”          | completion of the Placing in accordance with the terms and conditions set out in the Placing Agreement  |
| “connected person(s)” | has the same meaning as ascribed to this term under the Listing Rules   |
| “Director(s)”         | the director(s) of the Company, including the independent non-executive director(s)   |
| “General Mandate”     | the general mandate granted to the Directors by a resolution of the Shareholders passed at the 2014 AGM to allot, issue and otherwise deal with securities of the Company not exceeding 20% of the issued share capital of the Company as at the date of the 2014 AGM   |
| “Group”               | the Company and its subsidiaries  |
| “Haitong”             | Haitong International Securities Company Limited, a licensed corporation to carry out regulated activities type 1 (dealing in securities), 3 (leveraged foreign exchange trading) and 4 (advising on securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)  |
| “HK\$”                | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Hong Kong”           | the Hong Kong Special Administrative Region of the PRC  |
| “Huatai”              | Huatai Financial Holdings (Hong Kong) Limited, a licensed corporation to carry out regulated activities type 1 (dealing in securities), 2 (dealing in future contracts), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)       |
| “Listing Rules”       | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Placee(s)”           | any individual, institutional, professional and/or private investors independent of and not connected with the Company, the connected persons of the Company and their respective associates (as defined in the Listing Rules) whom the Placing Agents and/or any of their respective agent(s) have procured to subscribe for any of the Placing Shares |

|                     |  |
|---------------------|--|
| “Placing”           | the offer by way of private placing of the Placing Shares procured by the Placing Agents to the Placees subject to the terms and conditions set out in the Placing Agreement |
| “Placing Agents”    | Haitong and Huatai   |
| “Placing Agreement” | the placing agreement entered into between the Company and the Placing Agents dated May 12, 2015 in respect of the Placing   |
| “Placing Price”     | HK\$2.20 per Placing Share   |
| “Placing Shares”    | 360,000,000 new Shares to be placed subject to the terms and conditions set out in the Placing Agreement   |
| “PRC”               | The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan                |
| “Shares”            | shares of HK\$0.10 each in the share capital of the Company  |
| “Shareholder(s)”    | holder of the Share(s) of the Company  |
| “Stock Exchange”    | The Stock Exchange of Hong Kong Limited  |
| “%”                 | per cent   |

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

Hong Kong, May 12, 2015

*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.*