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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)**

**CONNECTED TRANSACTION  
ACQUISITION OF THE ENTIRE EQUITY INTEREST IN  
THE CENTER (58) LIMITED**

On 22 March 2019 (after trading hours), the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which (i) the Purchaser 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, and (ii) the Vendor has conditionally agreed to assign the Debt to the Purchaser, at the Consideration of approximately HK\$898.7 million. 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 the sole shareholder of the Target Company immediately after the Principal SPA Completion and before Completion, which is an investment holding company and is the registered and beneficial owner of the Property as at the date of this announcement. After Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the consolidated financial statements of the Group.

## **LISTING RULES IMPLICATIONS**

As the Vendor is wholly-owned by Ms. Kwok (the director and a controlling shareholder of the Company), the Vendor is considered to be an associate of Ms. Kwok, the Acquisition constitutes a connected transaction of the Company under the Listing Rules. As all relevant percentage ratios (as defined in Rule 14.04 (9) of the Listing Rules) applicable to the Acquisition are less than 5% and some of them exceed 0.1%, the Acquisition constitutes a connected transaction for the Company which is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

Ms. Kwok, an executive Director and controlling shareholder of the Company, who has a material interest in the Sale and Purchase Agreement, has abstained from voting on the relevant resolutions at the Board meeting for approving the Sale and Purchase Agreement. Mr. Lam Lung On, an executive Director of the Company and the spouse of Ms. Kwok, Mr. Lin Conghui, an executive Director of the Company and the brother-in-law of Ms. Kwok, Ms. Lam Yu Fong, an executive Director of the Company and the daughter of Ms. Kwok, have also abstained from voting on the relevant resolutions at the Board meeting for approving the Sale and Purchase Agreement.

Save as disclosed above, none of the Directors attended the Board meeting has a material interest in the Sale and Purchase Agreement.

## **INTRODUCTION**

On 22 March 2019 (after trading hours), the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which (i) the Purchaser 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, and (ii) the Vendor has conditionally agreed to assign the Debt to the Purchaser, at the Consideration of approximately HK\$898.7 million.

## **SALE AND PURCHASE AGREEMENT**

**Date:** 22 March 2019 (after trading hours)

**Parties:** (1) Purchaser: Brilliant Bloom International Limited, an indirect wholly-owned subsidiary of the Company

(2) Vendor: Sea Basin Investments Limited

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor is an investment holding company and is wholly-owned by Ms. Kwok (the director and a controlling shareholder of the Company), therefore the Vendor is considered to be an associate of Ms. Kwok. Accordingly, the Vendor is an associate of a connected person of the Company under the Listing Rules.

## **Subject matters**

Pursuant to the Sale and Purchase Agreement, the 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 Purchaser the Debt, free from all encumbrance and together with all rights, title, benefits and interests therein and thereto at Completion. As at the date of this announcement, the principal assets of the Target Company is the Property, the total gross area of which is approximately 26,356 square feet.

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

## **The Consideration for the Acquisition**

The aggregate consideration for the Acquisition shall be approximately HK\$898.7 million (the “**Consideration**”).

On the date of the signing the Sale and Purchase Agreement, the Sale Share, the Debt and the Property are charged and encumbered under the Existing Property Mortgage and the Existing Share Mortgage, and the redemption amount required to be paid for obtaining a release and/or discharge of the Existing Property Mortgage and the Existing Share Mortgage with effect from the Completion Date shall be an amount equivalent to the Consideration. Meanwhile, according to the valuation report prepared by an independent property valuer, the market value of the Property as at 7 January 2019 is approximately HK\$1.21 billion.

The Consideration shall be paid by or on behalf of the Purchaser at Completion for the purchase of the Sale Share and the assignment of the Debt by payment of the Consideration, equivalent to the redemption amount for the Existing Property Mortgage and the Existing Share Mortgage, to be paid to the Security Trustee.

Having considered the above the Directors (including the independent non-executive Directors but excluding the Directors who have abstained from voting) 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.

## **Conditions Precedent**

Completion of the Acquisition is conditional upon, inter alia, fulfilment of the following being satisfied or waived (if applicable):

- (i) the Principal SPA Completion having taken place;
- (ii) the Vendor having proved the Target Company has a good marketable title to the Property in accordance with Sections 13 and 13A of the Conveyancing and Properties Ordinance (Cap. 218);
- (iii) no material adverse change having occurred on the Completion Date;
- (iv) the warranties under the Sale and Purchase Agreement remaining true, accurate and not misleading in all respects before and on the Completion Date; and
- (v) all criteria, steps and procedural requirements to which the consummation, implementation and completion of the transactions contemplated under the Principal SPA, the Sale and Purchase Agreement and other related documents having been satisfied.

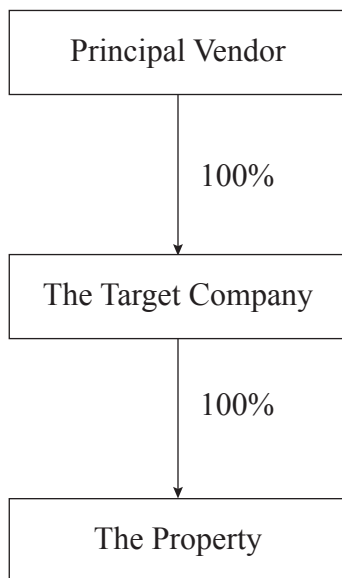
If any of the conditions set out above has not been satisfied by the Completion Date and (save and except the condition referred to (i) above which cannot be waived in any event) has not been waived by the Purchaser in writing, the Sale and Purchase Agreement shall automatically terminate with immediate effect, whereupon neither party shall have any further claim against the other party in connection with the Sale and Purchase Agreement.

## **Completion**

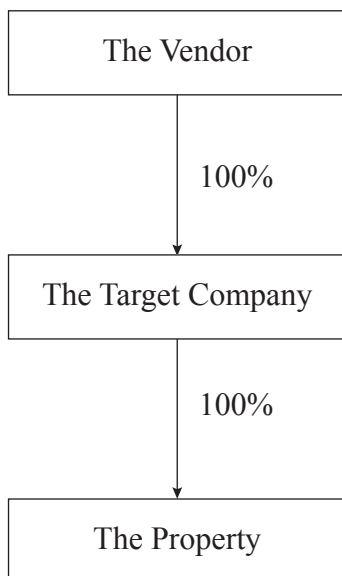
Completion shall take place on the Completion Date, i.e., 3 April 2019 immediately after Principal SPA Completion or such other date as the Vendor and the Company may agree in writing.

Set out below is the shareholding structure of the Target Company before Principal SPA Completion, after Principal SPA Completion but before Completion, and after Completion:–

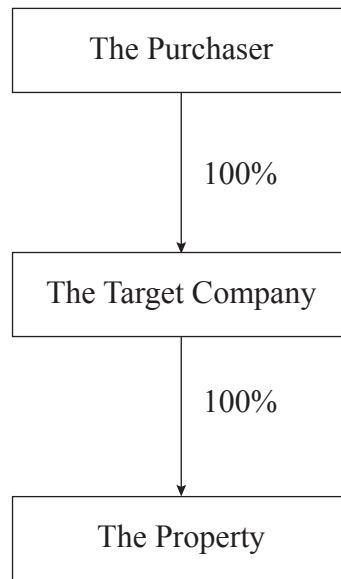
*Before Principal SPA Completion*



*Immediately after Principal SPA Completion but before Completion*



*After Completion*



**BACKGROUND OF THE ACQUISITION**

To the best of the Director’s knowledge, information and belief and having made all reasonable enquiries, the Principal Vendor is a wholly-owned subsidiary of CHMT, and pursuant to certain agreements between, inter alia, the ultimate beneficial shareholders of CHMT, Ms. Kwok is the approved purchaser of the Target Company and she may nominate a company wholly-owned by her to acquire the Sale Share and the Debt from the Principal Vendor, at the consideration of approximately HK\$898.7 million, as the redemption amount required to be paid for obtaining a release and/or discharge of the Existing Property Mortgage and the Existing Share Mortgage (equivalent to the Consideration). The Vendor was nominated by Ms. Kwok to acquire the Sale Share and the Debt from the Principal Vendor.

Having considered the principal activity of the Group, and after arm’s length negotiation between the Vendor and the Purchaser, it is contemplated that the Acquisition from the Vendor by the Purchaser, as an indirect wholly-owned subsidiary of the Company, at the Consideration, are on normal commercial terms which are fair and reasonable and the transactions contemplated under the Sale and Purchaser Agreement are in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

## INFORMATION ON THE TARGET COMPANY

### The Target Company

The Target Company was incorporated in the British Virgin Islands with limited liability on 8 August 1997. The Target Company is an investment holding company and is the registered and beneficial owner of the Property as at the date of this announcement.

As at the date of the Sale and Purchase Agreement, the Principal Vendor is the sole registered, legal and beneficial owner of the Sale Share and the sole legal and beneficial owner of the Debt. Immediately before but on the same date of the Sale and Purchase Agreement, the Principal Vendor as the vendor and the Vendor as the purchaser has entered into the Principal SPA in which the Principal Vendor has agreed to sell the Sale Share and the Debt to the Vendor at the consideration of approximately HK\$898.7 million. The consideration under the Sale and Purchase Agreement is equivalent to the consideration under the Principal SPA.

The Principal SPA Completion shall take place immediately before the Completion on the same Completion Date, whereby the Vendor will be the sole legal and beneficial owner of the Sale Share and the Debt upon Principal SPA Completion and immediately before Completion.

### Financial information of the Target Company

The financial information prepared in accordance with the HKFRS of the Target Company are as follows:

	<b>For the year ended 31 December 2016 <i>(audited)</i> HK\$'000</b>	<b>For the year ended 31 December 2017 <i>(audited)</i> HK\$'000</b>	<b>For the period from 1 January 2018 to 2 May 2018 <i>(unaudited)</i> HK\$'000</b>
Revenue	19,127	21,167	8,371
Profit before tax	80,546	149,005	3,961
Profit after tax	<u>78,331</u>	<u>147,210</u>	<u>3,337</u>

The unaudited net asset value of the Target Company as at 2 May 2018 amounted to approximately HK\$67.8 million based on its unaudited financial statement as at 2 May 2018.

## **REASONS FOR THE ACQUISITION**

The Group is principally engaged in property development and investment, property management, and hotel operation. 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 principal asset of the Target Company is the Property, which is located in the Center, a Grade A+ high rise building in Central, the central business district of Hong Kong. It is readily accessible by the excellent transportation network and well connected to other superior office buildings in the vicinity. The Company intends to hold the Property for self-use, rental and investment purposes.

The Directors (including the independent non-executive Directors but excluding the Directors who have abstained from voting) are of the view that the acquisition of the Property under the Acquisition would avail the Company to a long term office premise, help to hedge against rental fluctuations in Hong Kong, expand the Group's properties portfolio in Hong Kong and capture the capital appreciation potential in the Property, which is in line with the property investment business of the Group.

Taking into account the benefits of the Acquisition, the Directors (including the independent non-executive Directors but excluding the directors who have abstained from voting) 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 the Vendor is wholly-owned by Ms. Kwok (the director and a controlling shareholder of the Company) immediately after the Principal SPA Completion and before Completion and therefore is considered to be an associate of Ms. Kwok, the Acquisition constitutes a connected transaction of the Company under the Listing Rules. As all relevant percentage ratios (as defined in Rule 14.04 (9) of the Listing Rules) applicable to the Acquisition are less than 5% and some of them exceed 0.1%, the Acquisition constitutes a connected transaction for the Company which is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

Ms. Kwok, an executive Director and controlling shareholder of the Company, who has a material interest in the Sale and Purchase Agreement, has abstained from voting on the relevant resolutions at the Board meeting for approving the Sale and Purchase Agreement. Mr. Lam Lung On, an executive Director of the Company and the spouse of Ms. Kwok, Mr. Lin Conghui, an executive Director of the Company and the brother-in-law of Ms. Kwok, Ms. Lam Yu Fong, an executive Director of the Company and the daughter of Ms. Kwok, have also abstained from voting on the relevant resolutions at the Board meeting for approving the Sale and Purchase Agreement.

Save as disclosed above, none of the Directors attended the Board meeting has a material interest in the Sale and Purchase Agreement.



## 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 Purchaser from the Vendor and the assignment of the Debt to the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
“Board”	The board of Directors
“Business Day”	a day (other than Saturdays, Sundays and public holidays) on which licensed banks in Hong Kong are generally open for business
“CHMT”	C.H.M.T. Peaceful Development Asia Property Limited (中國港澳台僑和平發展亞洲地產有限公司), a company incorporated under the laws of the British Virgin Islands
“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
“Completion”	completion of the sale and purchase of the Sale Share and the assignment of the Debt subject to and in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	3 April 2019 or such other date as the Vendor and the Purchaser may agree in writing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	The director(s) of the Company
“Debt”	(a) immediately before Principal SPA Completion, all amounts, whether principal or interest, owing by the Target Company to the Principal Vendor, or (b) immediately before Completion, all amounts, whether principal or interest, owing by the Target Company to the Vendor, as the case may be

“Existing Property Mortgage”	the composite security agreement dated 2 May 2018 and made between, among others, the Principal Vendor and the Target Company as two of the chargers and the Security Trustee as security trustee and registered in the Land Registry by Memorial No. 18051702030058
“Existing Share Mortgage”	means the composite share mortgage dated 2 May 2018 and made between, among others, the Principal Vendor as mortgagor and the Security Trustee as security trustee creating a share mortgage over the entire issued share capital of the Target Company
“Group”	the Company and its subsidiaries
“HKFRS”	the Hong Kong Financial Reporting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (or any successor body) or any committee of it or body recognised by it
“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
“Ms. Kwok”	Ms. Kwok Ying Lan, a Director and controlling shareholder of the Company as at the date of this announcement
“Principal SPA”	the sale and purchase agreement entered into between the Principal Vendor as the vendor and the Vendor as the purchaser on 22 March 2019, pursuant to which the Vendor (as purchaser) has agreed to purchase, and the Principal Vendor (as vendor) has agreed to sell, the Sale Share and the Debt

“Principal SPA Completion”	completion of the sale and purchase of the Sale Share and the assignment of the Debt subject to and in accordance with the terms and conditions of the Principal SPA
“Principal Vendor”	The Center (Holdings) Limited (BVI Company No. 243530), a BVI business company incorporated under the laws of BVI, whose registered office is situated at P.O. Box 173, Kingston Chambers, Road Town, Tortola, BVI, which is an Independent Third Party to the Company
“Property”	the property located at 58th Floor, The Center, 99 Queen’s Road Central, Hong Kong
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Vendor as the vendor and the Purchaser as the purchaser on 22 March 2019, pursuant to which the Purchaser (as purchaser) has agreed to purchase, and the Vendor (as vendor) has agreed to sell, the Sale Share and the Debt
“Sale Share”	the one and only issued share at USD1.00 par value in the Target Company constituting the entire issued share capital of the Target Company and comprising of all the voting rights of the Target Company
“Security Trustee”	Madison Pacific Trust Limited
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary share(s) of HK\$0.10 each in the share capital 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, 22 March 2019

*As at the date of this announcement, the executive directors of the Company are Mr. Lam Lung On (Chairman, JP), Ms. Kwok Ying Lan, Mr. Lin Conghui and Ms. Lam Yu Fong, the non-executive director of the Company is Ms. Xie Mei, and the independent non-executive directors of the Company are Mr. Lam Kwong Siu, Mr. Wee Henny Soon Chiang and Dr. Zhai Pu.*