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YUSEI HOLDINGS LIMITED

友成控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 96)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF LAND IN HANGZHOU, THE PRC**

The Board announces that on 21 October 2020, Zhejiang Yusei, a wholly owned subsidiary of the Company, entered into the Land Use Rights Transfer Contract with Hangzhou Land Bureau to acquire the Land in Hangzhou, the PRC from Hangzhou Land Bureau for a total consideration of RMB34,660,000. The permitted use of the Land is for industrial use (M1, innovative industrial land) (standard land).

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5% but none of such percentage ratios is 25% or above, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

BACKGROUND OF THE ACQUISITION

The Board announces that on 21 October 2020, Zhejiang Yusei, a wholly owned subsidiary of the Company, entered into the Land Use Rights Transfer Contract with Hangzhou Land Bureau for the acquisition of the Land in Hangzhou, the PRC by Zhejiang Yusei for a total consideration of RMB34,660,000. The Land was put up for sale by Hangzhou Land Bureau in an open bidding auction in which Zhejiang Yusei participated and was ultimately awarded with the Land. The principal terms of the Land Use Rights Transfer Contract are set out below:

DETAILS OF THE LAND USE RIGHTS TRANSFER CONTRACT

Date: 21 October 2020

Parties: (1) Zhejiang Yusei, a wholly owned subsidiary of the Company (as purchaser)
(2) Hangzhou Land Bureau (as seller)

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Hangzhou Land Bureau is a PRC Governmental Body as defined in the Listing Rules.

Subject matter: The land use rights to the Land.

The Land is situated at the Xiaoshan Economic and Technological Development Zone, Hangzhou, Zhejiang Province, the PRC with a site area of approximately 9,244 square metres.

Permitted land uses and term

The permitted use of the Land is for Industrial use (M1, innovative industrial land) (standard land) for a term of 50 years from the date of delivery of the Land.

Completion

Hangzhou Land Bureau shall deliver the Land, on the existing basis, to Zhejiang Yusei immediately after the Consideration has been settled in full.

Consideration

RMB34,660,000, being the price of the final winning bid at the open bidding auction held by Hangzhou Land Bureau.

Payment terms

The Consideration is payable as follows: (1) a guarantee deposit in the amount of RMB6,932,000 (being 20% of the Consideration), which has been paid prior to the date of this announcement; and (2) the remaining balance in the amount of RMB27,728,000 is payable within 3 days from the date of entering into the Land Use Rights Transfer Contract. As at the date of this announcement, Zhejiang Yusei intends to settle the Consideration in full in cash using its internal resources.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is a limited company incorporated in the Cayman Islands as an exempted company with limited liability, and is an investment holding company. The principal activities of the Group are moulding fabrication, manufacturing and trading of moulds and plastic components.

The Group is planning to construct its Headquarter buildings and its Research & Development Centre on the Land to cope with business expansion, and the Acquisition complements well with the Group's overall strategic business development.

The Acquisition was conducted by way of an open bidding auction by Hangzhou Land Bureau. The Consideration reflected the final bidding price submitted by Zhejiang Yusei and it was determined after taking into account, among other matters, the prevailing market price of comparable land and buildings in Hangzhou. The Directors are of the view that the terms of the Acquisition are fair and reasonable and in the interests of the shareholders of the Company as a whole.

INFORMATION OF THE PARTIES

Zhejiang Yusei is a wholly owned subsidiary of the Company and it is principally engaged in mould fabrication, manufacturing and trading of the plastic components.

Hangzhou Land Bureau is a local governmental body of the PRC, which is in charge of, among others things, the sale of land use rights to lands in Hangzhou.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5% but none of such percentage ratios is 25% or above, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement have the following meanings:

“Acquisition”	the acquisition of the Land by Zhejiang Yusei pursuant to the Land Use Rights Transfer Contract
“Board”	the board of Directors
“Company”	Yusei Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Consideration”	RMB34,660,000, being the total consideration for the Acquisition payable by Zhejiang Yusei
“Directors”	the directors of the Company
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	a parcel of land situated at the Xiaoshan Economic and Technological Development Zone, Hangzhou, Zhejiang Province, the PRC with a site area of approximately 9,244 square metres
“Land Use Rights Transfer Contract”	the land use rights transfer contract dated 21 October 2020 and entered into between Zhejiang Yusei and Hangzhou Planning and Natural Resources Bureau in relation to the grant of the land use rights to the Land
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC

“Hangzhou Land Bureau”

Xiaoshan Sub-bureau of Hangzhou Planning and Natural Resources Bureau* (杭州市規劃和自然資源局蕭山分局), a local governmental body of the PRC and the seller of the Land

“Zhejiang Yusei”

Zhejiang Yusei Plastics & Mould Co., Limited* (浙江友成塑料模具有限公司), a company established in the PRC with limited liability and a wholly owned subsidiary of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

In this announcement, the terms “PRC Governmental Body” and “subsidiary” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires. The English names of Chinese entities included in this announcement are unofficial translations of their Chinese names and are included for identification purposes only.

By order of the Board
Yusei Holdings Limited
Katsutoshi Masuda
Chairman

PRC, 21 October 2020

As at the date of this announcement, the executive directors are Mr. Manabu Shimabayashi and Mr. Xu Yong; the non-executive directors are Mr. Katsutoshi Masuda and Mr. Toshimitsu Masuda, the independent non-executive directors are Mr. Lo Ka Wai, Mr. Fan Xiaoping and Mr. Hisaki Takabayashi.

** For identification purpose only*