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# **GR PROPERTIES LIMITED**

**國銳地產有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 108)

## **CONTINUING CONNECTED TRANSACTIONS**

### **RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS**

On 2 November 2020, AOCEAN Property Management (an indirect wholly-owned subsidiary of the Company) and Beijing Guorui Property entered into the following agreements:

- (1) the 2021 New Heat Supply Services Agreement, pursuant to which AOCEAN Property Management has agreed to provide heat supply and maintenance services of heat exchange stations and facilities and pipeline networks to the vacant units and units occupied by Beijing Guorui Group of certain property projects developed by Beijing Guorui Group; and
- (2) the 2021 New Property Management Agreement, pursuant to which AOCEAN Property Management has agreed to provide property management services to the vacant units and units occupied by Beijing Guorui Group of certain property projects developed by Beijing Guorui Group.

### **LISTING RULES IMPLICATIONS**

The transactions contemplated under each of the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement are both related to the services provided by the Group to Beijing Guorui Group for its property projects, the transactions contemplated thereunder are required to be aggregated pursuant to Rules 14A.81 to 14A.83 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the highest Aggregated Annual Cap exceeds 5% and the Aggregated Annual Caps are more than HK\$10,000,000, the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement and the transactions contemplated thereunder are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

A circular containing, inter alia, (i) details of the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement; (ii) the letter of recommendation from the Independent Board Committee; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM, will be despatched to the Shareholders on or before 23 November 2020 in accordance with the Listing Rules.

Reference is made to the announcement dated 20 October 2017 and the circular dated 24 November 2017 of the Company in relation to, among other things, the 2018 New Heat Supply Services Agreement, the 2018 New Property Management Agreement and the 2018 Kingdom Guorui Sales Office Management Agreement.

The 2018 New Heat Supply Services Agreement, the 2018 New Property Management Agreement and the 2018 Kingdom Guorui Sales Office Management Agreement will expire on 31 December 2020.

## RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS

In order to continue the provision of services by AOCEAN Property Management (an indirect wholly-owned subsidiary of the Company) to Beijing Guorui Group, on 2 November 2020, AOCEAN Property Management and Beijing Guorui Property entered into the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement.

### (A) 2021 New Heat Supply Services Agreement

On 2 November 2020, AOCEAN Property Management and Beijing Guorui Property entered into the 2021 New Heat Supply Services Agreement, pursuant to which AOCEAN Property Management has agreed to provide heat supply and maintenance services of heat exchange stations and facilities and pipeline networks to the vacant units and units occupied by Beijing Guorui Group of certain property projects developed by Beijing Guorui Group.

The salient terms of the 2021 New Heat Supply Services Agreement are summarised as follows:

|                         |  |
|-------------------------|--|
| Date:                   | 2 November 2020  |
| Parties:                | (1) AOCEAN Property Management<br>(2) Beijing Guorui Property (for itself and for and on behalf of Beijing Guorui Group)   |
| Term:                   | From 1 January 2021 to 31 December 2023 (both days inclusive)  |
| Nature of transactions: | AOCEAN Property Management shall provide to the members of Beijing Guorui Group heat supply and maintenance services of heat exchange stations and facilities and pipeline networks to the vacant units and units occupied by Beijing Guorui Group of certain property projects developed by Beijing Guorui Group. |

As at the date of this announcement, the relevant property projects include Fortune Street Phase One\* (財滿街一期), Fortune Street Phase Two\* (財滿街二期), Fortune Street Phase Three\* (財滿街三期) and Golden Tower\* (金長安大廈) in Chaoyang District, Beijing; Guorui Square\* (國銳廣場) and Kingdom Guorui\* (國銳•金嶺) in Daxing District, Beijing; and North Garden\* (北花園) at Gaobeidian, Chaoyang District, Beijing.

AOCEAN Property Management's responsibilities include (i) overseeing the daily operation and provision of repair and maintenance services of heat exchange station and facilities and the pipeline network to the vacant units and units occupied by Beijing Guorui Group of certain property projects developed by Beijing Guorui Group; and (ii) ensuring that the heat supply complies with governmental guidelines and standards, etc.

Condition precedent: Subject to the compliance of the requirements under the Listing Rules (including but not limited to the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the 2021 New Heat Supply Services Agreement and the transactions contemplated thereunder (including the annual caps)), the 2021 New Heat Supply Services Agreement will become effective on 1 January 2021.

Fees: Members of Beijing Guorui Group will be responsible for payment of the service fees in respect of vacant units which are delivered for use but not sold or units occupied by Beijing Guorui Group within the aforesaid property projects.

For property units which are sold and occupied by Independent Third Party users, AOCEAN Property Management will charge the individual owners/tenants of the property units for the service fees directly.

As at the date of this announcement, the range of standard service fees for residential properties in Beijing, the PRC is RMB18 to RMB30 per square meter per heat supply season. The range of standard service fees for commercial properties in Beijing, the PRC is RMB25.2 to RMB50.4 per square meter per heat supply season.

The service fees for each property project will be determined based on the specific circumstances of each property project. The service fees will be payable on an annual basis by cash.

In any circumstances, the service fees under the 2021 New Heat Supply Services Agreement shall not be lower than (a) the fees for similar heat supply services charged by AOCEAN Property Management against Independent Third Party users; and (b) the prices as stipulated by relevant laws and regulations.

***Historical Transaction Amounts and Annual Caps***

The table below summarises the actual transaction amounts, being the fees paid by Beijing Guorui Group to AOCEAN Property Management in respect of the heat supply services provided by AOCEAN Property Management for vacant property units and units occupied by Beijing Guorui Group for the two years ended 31 December 2019 and nine months ended 30 September 2020 under the 2018 New Heat Supply Services Agreement.

|                            | <b>For the<br/>year ended<br/>31 December<br/>2018<br/>(RMB)</b> | <b>For the<br/>year ended<br/>31 December<br/>2019<br/>(RMB)</b> | <b>For the<br/>nine months<br/>ended<br/>30 September<br/>2020<br/>(RMB)</b> |
|----------------------------|--|--|--|
| Actual transaction amounts | 8,473,172  | 7,228,082  | 5,988,319  |

The proposed annual caps under the 2021 New Heat Supply Services Agreement for the three years ending 31 December 2023 are as follows:

|                      | <b>For the<br/>year ending<br/>31 December<br/>2021<br/>(RMB)</b> | <b>For the<br/>year ending<br/>31 December<br/>2022<br/>(RMB)</b> | <b>For the<br/>year ending<br/>31 December<br/>2023<br/>(RMB)</b> |
|----------------------|---|---|---|
| Proposed annual caps | 10,000,000  | 11,000,000  | 12,100,000  |

The proposed annual caps have been determined by the Company after taking into account of (i) the historical actual transaction amounts as disclosed above; (ii) the estimated number of vacant units or units occupied by Beijing Guorui Group of the relevant property projects during the three years ending 31 December 2023 having taken into account the completion of the construction of new property units of Guorui Square Block A, Kingdom Guorui, No. 1 Ronghua South Road, Daxing District, Beijing, the PRC; and (iii) the fees chargeable per square meter per heat supply season during such period as stipulated under the 2021 New Heat Supply Services Agreement.

### ***Pricing and Payment Terms***

AOCEAN Property Management charges heat supply services fees in accordance with the prevailing heat supply prices as stipulated by the relevant regulatory authorities of the Beijing municipal government.

On 7 November 2019, the Beijing Municipal Commission of Development and Reform released the Notice Regarding Questions on the Adjustment of the Heat Supply Price for Non-Residential Purpose in the City (Jing Fa Gai [2019] No. 1545) (《關於調整本市非居民供熱價格有關問題的通知(京發改[2019]1545號)》), pursuant to which the heat supply price for non-residential purpose in Beijing was adjusted to RMB43 to RMB45 per square metre at various areas designated thereunder for every heat supply season.

On 17 October 2001, the Beijing Municipal Price Bureau issued the Notice Regarding the Adjustment of Residential-use Heat Supply Price and Ex-Factory Price of Heat from Thermal Power Plants for the City (Jing Jia (Shang) Zi [2001] No. 372) (《關於調整我市民用供熱價格和熱電廠熱力出廠價格的通知(京價(商)字[2001]372號)》), in which it was stipulated that the heat supply price for residential purpose in Beijing shall be adjusted to RMB30 per square metre for every heat supply season. Such heat supply government regulated prices have remained unchanged since its implementation.

Moreover, in certain property projects AOCEAN Property Management will charge lower or higher price as those properties are not governed by the abovementioned regulations, and the price chargeable to Independent Third Party users could be lower or higher than the prices as set by the regulations in general given the nature of such properties, and as such AOCEAN Property Management will charge a price comparable to that chargeable to other Independent Third Party users.

The Directors are of the opinion that AOCEAN Property Management strictly complies with the heat supply government regulated prices of the regulatory authorities (where applicable), and where the abovementioned regulations are not applicable, are no less favourable than those chargeable to Independent Third Party users, for the purpose of charging heat supply fees under the 2021 New Heat Supply Services Agreement.

The Company will take the following measures for monitoring the pricing and terms of the 2021 New Heat Supply Services Agreement and for ensuring that the transactions conducted thereunder are entered into on normal commercial terms:

- (1) continuously monitoring and checking the government regulated heat supply prices, in order to ensure that the price paid by property owners remains consistent with the government regulated prices; and
- (2) complying with the Company's internal control measures in relation to connected transactions, in order to ensure that the heat supply prices charged by AOCEAN Property Management and the relevant terms of the 2021 New Heat Supply Services Agreement are compliant with the government regulated prices or the market price chargeable to Independent Third Party users (where applicable). AOCEAN Property Management will strictly implement the latest heat supply prices in accordance with the government regulated prices.

The Directors (excluding the independent non-executive Directors whose views will be given after considering the advice from the Independent Financial Adviser) are of the view that the terms of the 2021 New Heat Supply Services Agreement (including the annual caps thereunder) are fair and reasonable, the transactions contemplated under the 2021 New Heat Supply Services Agreement are on normal commercial terms or better, and the entering into of the 2021 New Heat Supply Services Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

## **(B) 2021 New Property Management Agreement**

On 2 November 2020, AOCEAN Property Management and Beijing Guorui Property entered into the 2021 New Property Management Agreement, pursuant to which AOCEAN Property Management has agreed to provide property management services to the vacant units and units occupied by Beijing Guorui Group of certain property projects developed by Beijing Guorui Group.

The salient terms of the 2021 New Property Management Agreement are summarised as follows:

|           |   |
|-----------|---|
| Date:     | 2 November 2020   |
| Parties:  | (1) AOCEAN Property Management<br><br>(2) Beijing Guorui Property (for itself and for and on behalf of Beijing Guorui Group)  |
| Term:     | From 1 January 2021 to 31 December 2023 (both days inclusive)   |
| Premises: | Property units designated by Beijing Guorui Property under its property projects, including (i) vacant units which are delivered for use but not sold; and (ii) units occupied by Beijing Guorui Group. |

As at the date of this announcement, the relevant property projects include Fortune Street Phase One\* (財滿街一期), Fortune Street Phase Two\* (財滿街二期), Fortune Street Phase Three\* (財滿街三期) and Golden Tower\* (金長安大廈) in Chaoyang District, Beijing; Guorui Square\* (國銳廣場) and Kingdom Guorui\* (國銳•金嶺) in Daxing District, Beijing; North Garden\* (北花園) at Gaobeidian, Chaoyang District, Beijing; and Project Majuqiao\* (馬駒橋項目) at Tongzhou District, Beijing.



Nature of Transactions: AOCEAN Property Management is responsible for (i) safekeeping of the keys of the vacant units; (ii) carrying out monthly inspections of the vacant units and keeping records accordingly; (iii) carrying out monthly cleaning of the vacant units; (iv) inspecting the vacant units during bad weather conditions; (v) providing security services; and (vi) maintaining and managing facilities and assets for public use, etc.

Moreover, for particular property units, AOCEAN Property Management will also provide initial clean up services after completion of their construction (the “**Initial Clean Up Services**”).

Condition precedent: Subject to the compliance of the requirements under the Listing Rules (including but not limited to the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the 2021 New Property Management Agreement and the transactions contemplated thereunder (including the annual caps)), the 2021 New Property Management Agreement will become effective on 1 January 2021

Fees: The management fee ranges from RMB0.49 to RMB33.6 per square meter per month for different types of property units, payable on an annual basis by cash.

The management fees for each property project will be determined based on the specific circumstances of each property project.

In any circumstances, the management fees under the 2021 New Property Management Agreement shall not be lower than (a) the fees for similar property management services charged by AOCEAN Property Management against Independent Third Party users; and (b) the prices as stipulated by relevant laws and regulations.

For the Initial Clean Up Services, AOCEAN Property Management charges a fee calculated based on its actually incurred disbursement plus a margin of 10%.

### ***Historical Transaction Amounts and Annual Caps***

The table below summarises the actual transaction amounts, being the fees paid by Beijing Guorui Group to AOCEAN Property Management in respect of the property management services provided by AOCEAN Property Management for vacant property units and units occupied by Beijing Guorui Group for the two years ended 31 December 2019 and nine months ended 30 September 2020 under the 2018 New Property Management Agreement and the 2018 Kingdom Guorui Sales Office Management Agreement.

|                            | <b>For the<br/>year ended<br/>31 December<br/>2018<br/>(RMB)</b> | <b>For the<br/>year ended<br/>31 December<br/>2019<br/>(RMB)</b> | <b>For the<br/>nine months<br/>ended<br/>30 September<br/>2020<br/>(RMB)</b> |
|----------------------------|--|--|--|
| Actual transaction amounts | 18,210,123   | 23,223,558   | 29,140,122   |

The proposed annual caps under the 2021 New Property Management Agreement for the amount receivable by AOCEAN Property Management for the three years ending 31 December 2023 are as follows:

|                      | <b>For the<br/>year ending<br/>31 December<br/>2021<br/>(RMB)</b> | <b>For the<br/>year ending<br/>31 December<br/>2022<br/>(RMB)</b> | <b>For the<br/>year ending<br/>31 December<br/>2023<br/>(RMB)</b> |
|----------------------|---|---|---|
| Proposed annual caps | 47,500,000  | 52,250,000  | 57,475,000  |

The proposed annual caps have been determined by the Company after taking into account of (i) the historical actual transaction amounts as disclosed above; (ii) the estimated number of vacant units or units occupied by Beijing Guorui Group of the relevant property projects during the three years ending 31 December 2023 having taken into account the estimated completion of the construction of new property units of Guorui Square Block A, Kingdom Guorui, No. 1 Ronghua South Road, Daxing District, Beijing, the PRC; and (iii) the fees chargeable per square meter per month during such period as stipulated under the 2021 New Property Management Agreement.

## *Pricing and Payment Terms*

AOCEAN Property Management charges property management fees in accordance with the applicable laws and regulations of the relevant government authorities, the details of which are set out below.

As stipulated in Article 5 of the Measures on the Administration of Property Service Charges in Beijing (《北京市物業服務收費管理辦法》) (the “**Measures**”) issued by Beijing Municipal Commission of Development and Reform in 2005, either the market adjusted price or government regulated price shall apply to property service charges in Beijing. In respect of those property service charges to which the market-adjusted price applies, the charge rates shall be stipulated in a property service contract to be entered into by the landlord and the property management enterprise. In respect of those property service charges to which the government regulated prices apply, the basic charge rates and range of adjustments shall be formulated by the competent municipal price authorities together with the competent property administrative authorities.

Pursuant to Article 6 of the Measures, the types of property adopting the government regulated price shall include economically affordable housing communities, and communities in which unsafe buildings are rebuilt into replacement housing. The property units under the management of AOCEAN Property Management fall into the category of either general residential property or commercial property, for which the market-adjusted price shall be implemented instead of the government regulated price. In other words, AOCEAN Property Management is entitled to independently negotiate and fix the charge rates with the landlord in accordance with the prevailing market price levels and charging practices in the industry, and taking into account the nature, quality, location etc. of the relevant properties.

In accordance with the Measures, AOCEAN Property Management will collect property management fees based on the market-adjusted price approach under the 2021 New Property Management Agreement. The charge rates and fee calculation methods have been specifically stipulated in the said agreement. Based on the aforesaid, the Directors are of the opinion that AOCEAN Property Management strictly complies with the Measures in respect of the charges and fees under the 2021 New Property Management Agreement.

The Company will take the following measures for monitoring the pricing and terms of the 2021 New Property Management Agreement and for ensuring that the transactions conducted thereunder are entered into on normal commercial terms:

- (1) continuously monitoring and checking the relevant laws and regulations on property management prices, in order to ensure that the price paid by property owners remains consistent with the requirements pursuant to the relevant laws and regulations; and
- (2) complying with the Company's relevant internal control measures in relation to connected transactions, in order to ensure that the property management prices charged by AOCEAN Property Management and the relevant terms of the 2021 New Property Management Agreement are no less favourable to the Company than those available to or from Independent Third Parties.

The Directors (excluding the independent non-executive Directors whose views will be given after considering the advice from the Independent Financial Adviser) are of the view that the terms of the 2021 New Property Management Agreement (including the annual caps thereunder) are fair and reasonable, the transactions contemplated under the 2021 New Property Management Agreement are on normal commercial terms or better, and the entering into of the 2021 New Property Management Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

## **REASONS FOR ENTERING INTO THE 2021 NEW HEAT SUPPLY SERVICES AGREEMENT AND THE 2021 NEW PROPERTY MANAGEMENT AGREEMENT**

AOCEAN Property Management, an indirect wholly-owned subsidiary of the Company, provides property management services for office buildings, residential properties and car parks.

AOCEAN Property Management has a track record of providing property management services to some of the residential and commercial property projects developed by Beijing Guorui Group since 2004. Throughout the years, AOCEAN Property Management has been selected by Beijing Guorui Group through tender process for the management of a number of property projects developed by Beijing Guorui Group and a strong and stable business relationship has been developed. Further, since 2005, AOCEAN Property Management started to provide heat supply and maintenance services of heat exchange stations and facilities and pipeline networks to the property projects developed by Beijing Guorui Group.

As at the date of this announcement, AOCEAN Property Management provided (a) property management services to 21 major property projects, eight of which were property projects developed by Beijing Guorui Group; and (b) heat supply and maintenance services to 14 major property projects, seven of which were property projects developed by Beijing Guorui Group.

The entering into of the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement allows the Group to continue to provide heat supply and maintenance services and property management services to the current and future property projects developed by Beijing Guorui Group respectively.

As Beijing Guorui Property is indirectly owned by Mr. Wei and Mr. Sun as to approximately 91% and 9% respectively, Mr. Wei and Mr. Sun are considered to have a material interest in the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement and the transactions contemplated thereunder, and have therefore abstained from voting on the Board resolutions approving, inter alia, the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement.

The Directors (excluding the independent non-executive Directors whose views will be given after considering the advice from the Independent Financial Adviser) consider it beneficial to the Group to continue to conduct the continuing connected transactions contemplated under the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement given that they are in line with the Group's strategies to maintain and further its property management business in the PRC, and are able to continue to generate stable revenue and income to the Group.

## **INFORMATION ON BEIJING GUORUI PROPERTY**

Beijing Guorui Property is a company established under the laws of the PRC with limited liability and is principally engaged in property development and investment business.

As at the date of this announcement, Beijing Guorui Property is wholly-owned by Beijing Guorui Holdings Co. Limited\* (北京國銳控股有限公司), which in turn is indirectly owned by Mr. Wei and Mr. Sun as to approximately 91% and 9% respectively.

As at the date of this announcement, Ms. Li Chang (李暢), Mr. Chen Gang (陳崗), Mr. Yan Tao (嚴濤), Ms. Li Xiaoxia (李曉霞), Mr. Sun and Ms. Liu Shuhua (劉淑華) (a Director) are directors of Beijing Guorui Property.

## **INFORMATION ON THE GROUP AND AOCEAN PROPERTY MANAGEMENT**

The Group is principally engaged in property development and investments in the United Kingdom, the United States of America and the PRC, provision of property management services in the PRC and operation and management of a leisure and lifestyle experience centre in the PRC.

AOCEAN Property Management is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the provision of property management services for office buildings, residential properties and car parks.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Beijing Guorui Property is wholly-owned by Beijing Guorui Holdings Co. Limited\* (北京國銳控股有限公司), which in turn is indirectly owned by Mr. Wei and Mr. Sun as to approximately 91% and 9% respectively, and is therefore an associate of Mr. Wei under the Listing Rules. Mr. Wei, being an executive Director and a substantial shareholder of the Company, is a connected person of the Company, and hence Beijing Guorui Property, being an associate of Mr. Wei, is regarded as a connected person of the Company under the Listing Rules.

As a result, the transactions contemplated under each of the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement are both related to the services provided by the Group to Beijing Guorui Group for its property projects, the transactions contemplated thereunder are required to be aggregated pursuant to Rules 14A.81 to 14A.83 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the highest Aggregated Annual Cap exceeds 5% and the Aggregated Annual Caps are more than HK\$10,000,000, the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement and the transactions contemplated thereunder are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms or better, the entering into of the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and on how to vote at the EGM. The Independent Financial Adviser has also been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

## **GENERAL**

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve, among other matters, the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement and the transactions contemplated thereunder. As Beijing Guorui Property is indirectly owned by Mr. Wei and Mr. Sun as to approximately 91% and 9% respectively, Mr. Wei and Mr. Sun are considered to have a material interest in the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement and the transactions contemplated thereunder. As Wintime is a company indirectly wholly-owned by Mr. Wei that is holding 1,434,421,537 Shares (representing approximately 44.83% of the total issued Shares as at the date of this announcement), Wintime is also considered to have a material interest in the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement and the transactions contemplated thereunder.

Wintime and Mr. Sun and their respective associates will therefore abstain from voting on the EGM on the proposed resolutions to approve, among other things, the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement and the transactions contemplated thereunder. Save for the aforesaid and to the best of the information, knowledge and belief of the Directors having made all such reasonable enquiries, no other Shareholder is required to abstain from voting at the EGM.

A circular containing, inter alia, (i) details of the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement; (ii) the letter of recommendation from the Independent Board Committee; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM, will be despatched to the Shareholders on or before 23 November 2020 in accordance with the Listing Rules.

## DEFINITIONS

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

- “2018 Kingdom Guorui Sales Office Management Agreement” the conditional agreement dated 20 October 2017 entered into between AOCEAN Property Management and Beijing Guorui Property, pursuant to which AOCEAN Property Management shall provide property management services, sales related services and ancillary services to the sales office and ancillary areas of the property project, Kingdom Guorui\* (國銳•金嶺) developed by Beijing Guorui Property
- “2018 New Heat Supply Services Agreement” the conditional agreement dated 20 October 2017 entered into between AOCEAN Property Management and Beijing Guorui Property, pursuant to which AOCEAN Property Management shall provide heat supply and maintenance services of heat exchange stations and facilities and pipeline networks to the vacant units of certain residential and commercial property projects of Beijing Guorui Property
- “2018 New Property Management Agreement” the conditional agreement dated 20 October 2017 entered into between AOCEAN Property Management and Beijing Guorui Property, pursuant to which AOCEAN Property Management shall provide property management services to the vacant units of certain residential and commercial property projects of Beijing Guorui Property
- “2021 New Heat Supply Services Agreement” the conditional agreement dated 2 November 2020 entered into between AOCEAN Property Management and Beijing Guorui Property, pursuant to which AOCEAN Property Management shall provide heat supply and maintenance services of heat exchange stations and facilities and pipeline networks to the vacant units and units occupied by Beijing Guorui Group of certain property projects developed by Beijing Guorui Group
- “2021 New Property Management Agreement” the conditional agreement dated 2 November 2020 entered into between AOCEAN Property Management and Beijing Guorui Property, pursuant to which AOCEAN Property Management shall provide property management services to the vacant units and units occupied by Beijing Guorui Group of certain property projects developed by Beijing Guorui Group



|                              |   |
|------------------------------|---|
| “Aggregated Annual Cap(s)”   | the aggregate of annual caps under the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement for each of the three years ending 31 December 2021, 2022 and 2023  |
| “AOCEAN Property Management” | Beijing AOCEAN Property Management Company Limited* (北京澳西物業管理有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company   |
| “associate(s)”               | has the meaning ascribed to it under the Listing Rules  |
| “Beijing Guorui Group”       | Beijing Guorui Property and its subsidiaries and associates   |
| “Beijing Guorui Property”    | Beijing Guorui Property Development Company Limited* (北京國銳房地產開發有限公司), a company established under the laws of the PRC with limited liability and a connected person of the Company  |
| “Board”                      | the board of Directors  |
| “Company”                    | GR Properties Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 108)  |
| “connected person(s)”        | has the meaning ascribed thereto under the Listing Rules  |
| “Controlling Shareholder(s)” | has the meaning ascribed thereto under the Listing Rules  |
| “Director(s)”                | director(s) of the Company  |
| “EGM”                        | the extraordinary general meeting to be convened by the Company for the Independent Shareholders to consider and approve, if thought fit, the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement and the transactions contemplated thereunder and the annual caps thereof |
| “Group”                      | the Company and its subsidiaries  |
| “Hong Kong”                  | The Hong Kong Special Administrative Region of the PRC  |

|                                 |   |
|---------------------------------|---|
| “Independent Board Committee”   | an independent committee of the Board comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders in connection with the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement and the transactions contemplated thereunder and the annual caps thereof |
| “Independent Financial Adviser” | the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement and the transactions contemplated thereunder and the annual caps thereof  |
| “Independent Shareholders”      | Shareholders other than Wintime and Mr. Sun, together with their respective associates who are required by the Listing Rules to abstain from voting on the resolutions approving the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement and the transactions contemplated thereunder                                  |
| “Independent Third Party(ies)”  | person(s) or company(ies) who is/are not connected person(s) of the Company and its subsidiaries and who together with its/their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons  |
| “Listing Rules”                 | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Mr. Sun”                       | Mr. Sun Zhongmin, an executive Director, who is deemed to be interested in 136,752,350 Shares (representing approximately 4.27% of the issued Shares as at the date of this announcement), and is a director and shareholder (holding approximately 9% equity interest) of Beijing Guorui Property  |
| “Mr. Wei”                       | Mr. Wei Chunxian, an executive Director and chairman of the Board, who is deemed to be interested in 2,246,160,464 Shares (representing approximately 70.21% of the issued Shares as at the date of this announcement), and is a shareholder (holding approximately 91% equity interest) of Beijing Guorui Property                                       |
| “PRC”                           | The People’s Republic of China  |

|                              |   |
|------------------------------|---|
| “RMB”                        | Renminbi, the lawful currency of the PRC  |
| “Share(s)”                   | ordinary share(s) in the share capital of the Company   |
| “Shareholder(s)”             | the holder(s) of the issued Shares  |
| “Stock Exchange”             | The Stock Exchange of Hong Kong Limited   |
| “substantial shareholder(s)” | has the meaning ascribed thereto under the Listing Rules  |
| “Wintime”                    | Wintime Company Limited, a company incorporated in the British Virgin Islands with limited liability and a Controlling Shareholder of the Company, the shares of which are indirectly wholly-owned by Mr. Wei |
| “%”                          | Per cent.   |

\* *for identification purpose only*

By Order of the Board  
**GR Properties Limited**  
**Wei Chunxian**  
*Chairman*

Hong Kong, 2 November 2020

*As at the date of this announcement, the executive Directors are Mr. Wei Chunxian, Mr. Sun Zhongmin, Ms. Liu Shuhua; Mr. Guo Jingsheng, Ms. Huang Fei and Ms. Li Bing; and the independent non-executive Directors are Mr. Tung Woon Cheung Eric, Ms. To Tsz Wan Vivien and Mr. Leung Louis Ho Ming.*