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If you have sold or transferred all your shares in GR Properties Limited, you should at once hand this circular and the accompanying proxy form to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF ALL THE ISSUED SHARES OF THE TARGET COMPANY

A letter from the Board is set out on pages 4 to 11 of this circular.

The Disposal has been approved by written Shareholders' approval pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being dispatched to the Shareholders for information only.

26 February 2021

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DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 8 January 2021 entered into between the Vendor and the Purchaser in relation to the Disposal
“Bank Loan”	the loan of approximately GBP11,700,000 owed by the Target Company to a bank which is an Independent Third Party
“Board”	the board of Directors
“Business Day”	any day that is not a Saturday, Sunday or public holiday in England and the BVI
“BVI”	British Virgin Islands
“Company”	GR Properties Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on Main Board of the Stock Exchange (stock code: 108)
“Company Loan”	the loan of approximately GBP18,960,000 owed by the Target Company to the Company
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Agreement
“Completion Date”	the day on which the Completion takes place, being the date of the Agreement
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the Agreement

DEFINITIONS

“Estimated NAV”	the estimated net asset value of the Target Company at Completion, being GBP300,000
“Final NAV”	the final net asset value of the Target Company at Completion to be determined by the Parties or the independent accountant (as the case may be) in the Net Asset Statement
“GBP”	British pound sterling, the lawful currency of the United Kingdom of Great Britain and Northern Ireland
“Group”	the Company and its subsidiaries
“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)”	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
“Latest Practicable Date”	22 February 2021
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Net Asset Statement”	the statement of the net asset value of the Target Company to be prepared by the Vendor after Completion
“Parties”	the Vendor and the Purchaser
“PRC”	the People’s Republic of China, which for the purpose of this circular shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Purchaser”	Bow Street Operations Limited, a company incorporated in England and Wales with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	all the issued shares of the Target Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder Group”	Wintime Company Limited and Gang Rui International Investment (HK) Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules
“Target Company”	GR Properties UK Limited, a company incorporated in the BVI with limited liability
“Target Property”	the property held by the Target Company which is known as Boundary House and located at 7-17 Jewry Street, London
“USA”	United States of America
“US\$”	United States dollar, the lawful currency of the USA
“Vendor”	GR UK Holdings Limited, a company incorporated in the BVI with limited liability
“%”	per cent

LETTER FROM THE BOARD



GR PROPERTIES LIMITED

國銳地產有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 108)

Executive Directors:

Mr. Wei Chunxian
Mr. Sun Zhongmin
Ms. Liu Shuhua
Ms. Huang Fei
Ms. Li Bing

Registered Office:

Suite 1603, 16/F
Wheelock House 20 Pedder Street
Central, Hong Kong

Independent Non-executive Directors:

Mr. Tung Woon Cheung Eric
Ms. To Tsz Wan Vivien
Mr. Leung Louis Ho Ming

26 February 2021

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF ALL THE ISSUED SHARES OF THE TARGET COMPANY

INTRODUCTION

References are made to the announcements of the Company dated 8 January 2021 and 26 January 2021 in relation to the Disposal.

On 8 January 2021 (London time and after Hong Kong trading hours), the Vendor, a direct wholly-owned subsidiary of the Company, and the Purchaser entered into the Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, representing all the issued shares of the Target Company.

LETTER FROM THE BOARD

The purpose of this circular is to provide you further details of the Disposal and the transactions contemplated thereunder and the property valuation report of the Target Property.

THE AGREEMENT

Date: 8 January 2021 (London time and after Hong Kong trading hours)

Parties: (1) the Vendor, a direct wholly-owned subsidiary of the Company; and
(2) the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties as at the date of the Agreement.

Assets subject to the Disposal

Pursuant to the Agreement, the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Shares, representing all the issued shares of the Target Company.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

Consideration

Pursuant to the Agreement, the total consideration of the Disposal is approximately GBP30,960,000, comprising of:

- (a) approximately GBP11,700,000 which shall be utilised for the repayment of the Bank Loan on the Completion Date;
- (b) approximately GBP18,960,000 which shall be utilised for the repayment of the Company Loan on the Completion Date;
- (c) GBP1.00 which shall be paid by the Purchaser to the Vendor on the Completion Date; and

LETTER FROM THE BOARD

- (d) GBP300,000 less an amount to be determined by the HM Revenue and Customs of the United Kingdom Government (“**HMRC**”) in respect of the liability of the Target Company for withholding tax arising from the Bank Loan, which shall be paid by the Purchaser to the Vendor after the amount is determined by HMRC after the Completion Date.

On or before the date falling 30 Business Days after Completion, the Vendor shall prepare and deliver to the Purchaser a draft Completion Accounts and a draft Net Asset Statement. The draft accounts will be deemed agreed by the Purchaser on the date falling 20 Business Days after the date on which they are first delivered to the Purchaser, unless during such period the Purchaser gives notice of disagreement (“**Disagreement Notice**”) to the Vendor.

The Parties should attempt in good faith to resolve all matters referred to in the Disagreement Notice (if any) and agree a final form of Completion Accounts and Net Asset Statement on or before the date falling 20 Business Days after the date on which the Vendor receives the Disagreement Notice. If no agreement could be reached, then an independent accountant could be engaged to determine the Final NAV.

The difference between the Final NAV and the Estimated NAV shall be paid by the Vendor (in the case where Final NAV is less than Estimated NAV) or the Purchaser (in the case the Final NAV is greater than the Estimated NAV) on the fifth Business Day after the Final NAV is determined.

The consideration abovementioned was determined after arm’s length negotiations between the Parties and arrived at on normal commercial terms with reference to (i) the net asset value of the Target Company as at 8 January 2021 of GBP300,000; (ii) the appraised value of the Target Property appraised by an independent professional valuer engaged by the Group at approximately GBP32,500,000 as at 31 December 2019; and (iii) the estimated value of the Target Property of GBP31,300,000 as at 8 January 2021 agreed between the Parties after arm’s length negotiations.

The valuation of the Target Property as at 31 December 2019 was conducted by the independent professional valuer engaged by the Group in the usual course of preparation of audited accounts of the Target Company for the financial year ended 31 December 2019.

An independent professional valuer has been engaged by the Group to conduct a more up-to-date valuation of the Target Property as at 31 December 2020 for the purpose of this circular. For details of such property valuation and the text of the valuation certificate prepared by the independent professional valuer, please see Appendix II to this circular.

LETTER FROM THE BOARD

The estimated value of the Target Property of GBP31,300,000 as at 8 January 2021 has been agreed between the Parties after arm's length negotiations and taking into account the appraised value of the Target Property as at 31 December 2019, the impact of COVID-19 to the economy of the United Kingdom and the decline in market price of properties similar to the Target Property in London during 2020.

The following table sets forth the reconciliation of valuation of the Target Property as at 31 December 2019, 31 December 2020 and 8 January 2021:

	<i>GBP</i>
Net book value of the property as at 31 December 2019 and 31 December 2020	32,500,000
Fair value loss	<u>(1,500,000)</u>
Fair value as at 31 December 2020	31,000,000
Fair value gain	<u>300,000</u>
Disposal value as at 8 January 2021	<u><u>31,300,000</u></u>

In view of the above factors, the Directors consider that the consideration of the Disposal is fair and reasonable, and it is the appropriate time for the Group to dispose the Target Company and realise its return from the investment.

Based on the above, the Directors consider that the consideration is fair and reasonable and is in the best interests of the Company and its Shareholders as a whole.

Completion

Pursuant to the Agreement, the Completion shall take place immediately after execution of the Agreement or at such other time and place as the Parties may agree. The Completion took place on 8 January 2021 (London Time).

Upon Completion, the Target Company ceased to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company, which is principally engaged in property development and investment in the United Kingdom.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Target Company has no operation, other than holding the Target Property. The Target Property is Boundary House located at 7-17 Jewry Street, London, which is an office building with a net internal floor area of approximately 45,062 square feet, which comprises a ground floor and seven upper floors, basement storage and 7 car park spaces.

Financial information of the Target Company

The table below sets forth a summary of the audited financial information of the Target Company (prepared in accordance with the International Financial Reporting Standards) for the two years ended 31 December 2018 and 31 December 2019.

	For the year ended	
	31 December	
	2018	2019
	GBP	GBP
Revenue	1,062,865	1,231,832
(Loss)/Profit before taxation	(17,977)	5,127,350
(Loss)/Profit after taxation	<u>(17,977)</u>	<u>5,127,350</u>

The unaudited net liability of the Target Company as at 30 November 2020 was GBP616,461.

The unaudited net asset value of the Target Company as at 8 January 2021 is GBP300,000. The change from net liability to net asset position is mainly attributable to the waiver of debt owed by the Target Company to the Company of approximately GBP2.7 million, which is offsetted by the fair value loss of the Target Property of GBP1.2 million, interest from shareholder loan and bank loan incurred during the period from 1 December 2020 to 8 January 2021 of approximately GBP173,000 and repair cost liability of GBP150,000.

INFORMATION OF THE VENDOR AND THE PURCHASER

The Vendor is a company incorporated in the BVI with limited liability and its principal activity is investment holdings.

The Purchaser is a company incorporated in England and Wales with limited liability and is principally engaged in hotel business. The Purchaser is ultimately beneficially owned by Mr. Christian Ploberger and Mr. Rudolph Ploberger, who mainly invest in hotel business.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

The Company expects that the Group will realize an estimated loss of approximately GBP476,000 on the Disposal, being the difference between (i) the estimated net proceeds (after deduction of professional fees and other relevant expenses) of the Disposal of approximately GBP30,484,000; and (ii) the net asset value (excluding the Bank Loan and Company Loan) of the Target Company of approximately GBP30,960,000 as at 8 January 2021.

As a result of the Disposal, it is expected that the assets and liabilities of the Company will decrease by approximately GBP 31,131,000 and GBP 31,607,000 respectively.

The abovementioned financial effects are shown for illustrative purpose only and the actual gain or loss eventually to be finalized in the consolidated financial statements of the Group, depends on, among other things, the net asset value of the Target Company on the Completion Date and the review by the auditors of the Company upon finalization of the consolidated financial statements of the Group.

The Company intends to apply the gross proceeds of the Disposal of approximately GBP30,960,000 in the following manner:

- (a) an amount of approximately GBP11,700,000 for the repayment of the Bank Loan;
- (b) an amount of approximately GBP18,960,000 for the repayment of the Company Loan;
and
- (c) the remaining balance of approximately GBP300,000 for reimbursement of the expenses incurred by the Group in connection with the Disposal.

REASONS FOR AND BENEFIT OF ENTERING INTO THE AGREEMENT

The Group is principally engaged in property development and investments in the United Kingdom, the USA 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.

As disclosed in the annual report of the Company published on 28 April 2020 for the year ended 31 December 2019, the Group's cash and cash equivalents amounted to approximately HK\$246.88 million as at 31 December 2019 while the total bank and other borrowings of the Group amounted to approximately HK\$2.34 billion. Having considered that the Disposal would provide the Group with an immediate cash inflow, the Directors are of the view that the Disposal

LETTER FROM THE BOARD

is a good opportunity for the Company to enable the Group to repay the Bank Loan and the Company Loan and reallocate its financial resources on any suitable investment opportunities which would enhance Shareholders' value.

Further, as disclosed in the section headed "The Agreement — Consideration" above, in view of the impact of COVID-19 to the economy of the United Kingdom and the decline in the market price of properties similar to the Target Property in London during 2020, the Directors consider that the consideration of the Disposal (which was determined based on the appraised value of the Target Property as at 31 December 2019) is fair and reasonable, and it is the appropriate time for the Group to dispose the Target Company and realise its return from the investment.

In light of the foregoing, the Directors consider that the terms of the Agreement, which are determined after arm's length negotiations between the Parties, are on normal commercial terms and are fair and reasonable, and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

LISTING RULE IMPLICATIONS

As the highest of all applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal is more than 25% but less than 75%, the entering into of the Agreement and the transactions contemplated thereunder constitute a major transaction of the Company under the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

WRITTEN SHAREHOLDERS' APPROVAL

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Disposal. As such, no Shareholders would be required to abstain from voting in favour of the resolution approving the Disposal.

The Company has obtained written Shareholders' approval for the Disposal in accordance with Rule 14.44 of the Listing Rules from the Shareholder Group. As at the Latest Practicable Date, Wintime Company Limited and Gang Rui International Investment (HK) Limited, being a closely allied group of Shareholders, are beneficially interested in 1,434,421,537 Shares and 811,738,927 Shares, respectively. The aggregate 2,246,160,464 Shares held by the Shareholder Group represent approximately 70.21% of the total number of issued shares of the Company. Accordingly, pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval from the Shareholder Group is obtained in lieu of holding a general meeting of the Company to approve the terms of, and the transactions contemplated, under the Agreement.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors are of the view that the terms of the Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. If the Company were to convene a general meeting for the approval of the Disposal, the Board would have recommended the Shareholders to vote in favour of the resolution to approve the Disposal at such general meeting.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
GR Properties Limited
Wei Chunxian
Chairman

FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for (i) the three years ended 31 December 2019, and (ii) the six months ended 30 June 2020 are disclosed in the following documents which are published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.grproperties.com.hk.

- Annual report of the Company for the year ended 31 December 2017
- Annual report of the Company for the year ended 31 December 2018
- Annual report of the Company for the year ended 31 December 2019
- Interim report of the Company for the six months ended 30 June 2020

WORKING CAPITAL

After taking into account the financial resources available to the Group, including the proceeds from the Disposal, the internally generated funds and the presently available credit facilities, the Directors, after due and careful enquiry, are of the opinion that the Group will have sufficient working capital for its present requirements for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances.

INDEBTEDNESS**Borrowings**

As at the close of business on 7 January 2021, the Group (as defined in the Circular) had (1) unsecured and unguaranteed shareholder's loans with an aggregate principal amount of approximately HK\$84,300,000 which bear interest at a fixed rate of 2% per annum; (2) unguaranteed loans from a joint venture partner with an aggregate principal amount of approximately HK\$566,124,000 which bear interest at a fixed rate of 8.9% per annum and are secured by the shares of a subsidiary of the Group and certain investment properties of the Group; (3) unsecured and unguaranteed loans from related parties with an aggregate principal amount of approximately HK\$691,725,000 which are interest-free and repayable on demand or bear interest at fixed rate of 7.2% per annum; (4) secured and unguaranteed bank loans with an aggregate principal amount of approximately HK\$981,109,000 which bear interest at rates ranging from 2.35% to 4.20% and are secured by certain investment properties of the Group and an office building of a related party; (5) a guaranteed loan from a financial institution with an aggregate principal amount of approximately HK\$257,842,000 which bears interest at a fixed rate of 3.65%

per annum and is secured by a pledge over an investment property of the Group; (6) lease liabilities with a carrying amount of approximately HK\$23,847,000; and (7) unsecured and unguaranteed perpetual convertible bonds with a liability component of approximately HK\$51,221,000.

Contingent liabilities

In or about January 2020, certain plaintiffs commenced legal proceedings against subsidiaries of the Company in the United States of America (the “US”) and an independent third party constructor, alleging that the subsidiaries and the constructor have caused damage and nuisance in relation to the construction of the Santa Monica Project of the Group. The related punitive damages were in an aggregate amount of US\$550,000. The first hearing was held on 29 July 2020 and the next hearing will be held during July 2021.

Based on existing legal documents after having performed management’s internal critical assessment of the aforesaid case and seeking advice from an independent legal advisor in the US, the directors of the Company are of the opinion that the Group has a reasonable ground of defence on the merits, therefore, no material adverse financial impact on the Group is expected.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payable in the ordinary course of business, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, any authorised or otherwise created but unissued term loans or other borrowings, indebtedness in nature of borrowings, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, which are either guaranteed, unguaranteed, secured, or unsecured, guarantees or other material contingent liabilities outstanding at the close of business on 7 January 2021.

MATERIAL ADVERSE CHANGE

Pursuant to the profit warning announcement of the Company dated 25 August 2020 and the interim report published by the Company on 23 September 2020, the Group recorded a loss attributable to Shareholders of approximately HK\$6.70 million for the six months ended 30 June 2020, as compared to the loss attributable to Shareholders of approximately HK\$2.97 million in the corresponding period in 2019. The increase in loss is mainly attributable to the increase in finance costs for the period as a result of additional interest expense incurred on a quasi-loan equity contributed by a joint venture partner of a subsidiary, which was acquired in the second half

year of 2019. The effect of the increase in finance costs for the period was partly offset by a remeasurement gain recognised upon transfer of certain properties held for sale to investment properties in the PRC during the six months ended 30 June 2020.

Save as disclosed above, the Directors confirm that there was no material adverse change in the financial or trading position or outlook of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to the Latest Practicable Date.

FINANCIAL AND TRADING PROSPECT OF THE GROUP

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.

The Group will continue to engage prominently in property development and investment, and relevant asset management services. However, the Group would be more cautious in considering investments in the international markets such as the USA and Europe in accordance with the future development strategy of the Group. This should give diversification with a reasonable return to the Shareholders. Other than capturing investment opportunities to establish the position and engage in the property market in Los Angeles and London for income generating real estates with potential of capital appreciation in the long term and re-development in future, the Group's focus will also be on the execution of existing projects, including but not limited to enhancement of operating performance as well as facilitation of projects developments. Besides, the Group will not rule out any possibilities to divest its investment with decent return. The Directors believe that after those potential acquisitions and execution of existing projects, the Group will be able to broaden its income base through the stable rental incomes generated from the properties. Apart from the Group's core businesses in property development and investments in the PRC, the USA and the United Kingdom, and the provision of property management services in Beijing, the Group will continue to focus on in searching for suitable investment opportunities which may strategically fit into its diversification strategy and generate a steady source of income.

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from BMI Appraisals Limited, an independent valuer, in connection with its valuation as at 31 December 2020 of the real property contracted to be disposed of by the Group located in the United Kingdom.

BMI APPRAISALS

BMI Appraisals Limited 中和邦盟評估有限公司

Suite 01-08, 27th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道6-8號瑞安中心27樓2701-2708室
Tel 電話 : (852) 2593 9678 Fax 傳真 : (852) 2802 0863
Email 電郵 : enquiry@bmintelligence.com Website 網址 : www.bmi-appraisals.com

26 February 2021

The Directors

GR Properties Limited

Suite 1603, 16/F, Wheelock House
20 Pedder Street, Central
Hong Kong

Dear Sirs,

INSTRUCTIONS

We refer to the instructions from GR Properties Limited (the “**Company**”) for us to value the real property contracted to be disposed of by the Company and/or its subsidiaries (together referred to as the “**Group**”) located in the United Kingdom. We confirm that we have conducted an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the real property as at 31 December 2020 (the “**valuation date**”).

BASIS OF VALUATION

Our valuation of the real property has been based on the Market Value, which is defined by The Hong Kong Institute of Surveyors as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION METHODOLOGY

Among various valuation approaches, Investment Approach is a common and suitable valuation approach for valuing a real property which is subject to existing tenancies.

In valuing the real property, we have adopted Investment Approach by taking into account the current passing rents of the constituent units of the real property being held under existing tenancies and the reversionary potential of the tenancies if they have been or would be let to tenants. The Investment Approach is based on the capitalization of the current passing rents and the reversionary potential rents of the constituent units by adopting appropriate capitalization rates. Further, the reversionary potential rents are adopted by making reference to the rental comparables in the market.

TITLE INVESTIGATION

We have caused land searches to be made at the Land Registry of UK and have been advised by the Group that no further relevant documents have been produced. However, we have neither examined the original documents to verify ownership nor to ascertain the existence of any amendments, which do not appear on the copies handed to us. All documents have been used for reference only.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the real property is sold in the market without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to affect the value of the real property.

In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the real property and no forced sale situation in any manner is assumed in our valuation.

VALUATION CONSIDERATIONS

Due to the outbreak of the Novel Coronavirus (COVID-19), we have relied on the Group's confirmation that there have been no material changes to the use of such real property or the nature of interest being valued or the nature of its location, since the last inspection conducted by Mr. Andy Lee (MSc in Surveying, MRICS) in July 2016. Thus, no re-inspection of such real property had been conducted. During the course of our inspection, we did not note any serious

defects. However, no structural surveys have been made. We are, therefore, unable to report whether the real property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, particulars of occupancy, floor areas, identifications of the real property and all other relevant information.

We have not carried out detailed on-site measurements to verify the correctness of the floor areas in respect of the real property but have assumed that the floor areas shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on your advice that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information for us to reach an informed view.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the real property or for any expenses or taxation, which may be incurred in effecting a sale or purchase.

Unless otherwise stated, it is assumed that the real property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

Our valuation has been prepared in accordance with The HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors and The RICS Valuation — Global Standards published by The Royal Institution of Chartered Surveyors.

Our valuation has been prepared under the generally accepted valuation procedures and is in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The outbreak of the Novel Coronavirus (“COVID-19”), declared by the World Health Organization as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinion of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation is therefore reported on the basis of “material valuation uncertainty” as per RICS Valuation Technical and Performance Standard (“VPS”) 3 and RICS Valuation Practice Guidance — Application (“VPGA”) 10 of the RICS Red Book Global. Consequently, less certainty — and a higher degree of caution — should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the real property under frequent review.

REMARKS

Unless otherwise stated, all money amounts stated herein are in the British Pound (£).

Our summary of value and the valuation certificate are attached herewith.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED
Joannau W.F. Chan
BSc., MSc., MRICS, MHKIS, RPS(GP)
Senior Director

Note:

Ms. Joannau W.F. Chan is a member of the Hong Kong Institute of Surveyors (General Practice) who has over 12 years’ experience in valuations of real properties in the United Kingdom.

SUMMARY OF VALUE

Real property contracted to be disposed of by the Group in the United Kingdom

	Market Value in existing state as at 31 December 2020
Real property	£
Boundary House, Nos. 7-17 Jewry Street, London, EC3N 2EX, the United Kingdom	31,000,000
	<hr/>
Total:	<u>31,000,000</u>

VALUATION CERTIFICATE

Real property contracted to be disposed of by the Group in the United Kingdom

Real property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2020 £
Boundary House, Nos. 7-17 Jewry Street, London, EC3N 2EX, the United Kingdom	The real property comprises an 8-storey office building plus a basement storage space with a total net internal area of approximately 45,062 sq.ft. together with various car parking spaces on the basement. The building was completed in 1950s. The real property is held under freehold interests.	The real property was subject to various tenancies for various terms with the latest expiry date on 28 April 2099 at a total annual rent of about £1,138,773.5 as at the valuation date.	31,000,000

Notes:

1. The real property is located within the custom sector of the City of London and is about 20 miles from Heathrow Airport in London.
2. The registered owner of the real property is GR Properties UK Limited registered under title number NGL447079.
3. The real property is subject to a registered charge in favour of Bank of Singapore Limited.

4. The real property is subject to the following tenancies:

No.	Premises	Term		Rent per annum
		From	To	
1.	Ground Floor South	13-Sep-19	21-Nov-23	£30,744
2.	Ground Floor West	7-Jun-16	6-Jun-21	£78,750
3.	Part of Ground & Part of First Floor North	22-Jan-18	1-Jun-21	£116,308
4.	First Floor West	04-Mar-16	3-Mar-21	£87,750
5.	First Floor South	22-Nov-18	21-Nov-23	£74,067.5
6.	Second Floor North & 1 Car Parking Space	25-Mar-19	21-Nov-23	£174,120
7.	Third Floor South Wing	16-Jul-19	21-Nov-23	£100,000
8.	Third Floor West Wing 1	29-Sep-12	7-May-23	£69,330
9.	Fourth Floor	29-Sep-12	7-May-23	£194,520
10.	Fifth, Sixth & Part of Seventh Floor	11-May-18	1-Jun-21	£133,485
11.	Part of Seventh Floor	29-Sep-12	7-May-23	£23,737
12.	Communication Tower	25-Dec-11	24-Dec-21	£48,962
13.	Car Parking Space No. 1	28-Apr-11	28-Apr-99	£3,500
14.	Car Parking Space No. 6	28-Jan-11	28-Jan-99	£3,500

5. GR Properties UK Limited is a wholly-owned subsidiary of the Company.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

(a) Interest in Shares

Name of Director	Capacity	Number of Shares held	Number of underlying Shares held	Total	Approximate percentage of issued share capital
Mr. Sun Zhongmin	Beneficial owner (Note 4)	136,752,350 (L)	109,086,735 (L)	245,839,085	7.68%
	Interest of controlled corporation (Note 3)		8,669,925 (L)	8,669,925	0.27%
Mr. Wei Chunxian	Interest of controlled corporation (Notes 1 and 2)	2,246,160,464 (L)	1,342,317,340 (L)	3,588,477,804	112.16%
Ms. Liu Shuhua	Beneficial owner (Note 5)		5,020,500 (L)	5,020,500	0.16%

(L) denotes long position

Notes:

- Wintime Company Limited is interested in 1,434,421,537 shares and 1,254,654,765 underlying shares of aggregate principal amount of convertible bonds of HK\$1,003,723,812 issued by the Company at conversion price of HK\$0.80 per share on 17 August 2018. Wintime Company Limited is a wholly-owned subsidiary of Winluck Global Limited. Apart from the shares and underlying shares held by Wintime Company Limited, Winluck Global Limited is also interested in 87,662,575 underlying shares of aggregate principal amount of convertible bonds of

HK\$70,130,060 to be issued by the Company at conversion price of HK\$0.80 per share pursuant to the payment schedule under the agreement entered on 30 May 2018. The entire issued share capital of Winluck Global Limited is beneficially owned by Mr. Wei Chunxian. Winluck Global Limited is deemed to be interested in the shares and underlying shares held by Wintime Company Limited, and Mr. Wei Chunxian is deemed to be interested in the shares and underlying shares held by Wintime Company Limited and Winluck Global Limited under the SFO.

2. 811,738,927 shares are held by Gang Rui International Investment (HK) Limited. Gang Rui International Investment (HK) Limited is owned as to 90% and 10% by Beijing Guo Rui Real Estate Development Co. Limited* (北京國銳房地產開發有限公司) and Future Glow Ventures Inc. respectively. Future Glow Ventures Inc. is wholly-owned by an independent third party. Beijing Guo Rui Real Estate Development Co. Limited* (北京國銳房地產開發有限公司) is wholly-owned by Beijing Guorui Holdings Co. Limited* (北京國銳控股有限公司), which is directly owned by Mr. Wei Chunxian and Mr. Sun Zhongmin as to approximately 91% and 9%, respectively. Each of Beijing Guo Rui Real Estate Development Co. Limited* (北京國銳房地產開發有限公司), Beijing Guorui Holdings Co. Limited* (北京國銳控股有限公司) and Mr. Wei Chunxian is deemed to be interested in the shares held by Gang Rui International Investment (HK) Limited under the SFO.
3. Silky Apex Limited is interested in 8,669,925 underlying shares pursuant to convertible bonds in the principal amount of HK\$6,935,940 to be issued by the Company at conversion price of HK\$0.80 per share pursuant to the payment schedule under the agreement entered into on 30 May 2018. Silky Apex Limited is 100% owned by Mr. Sun Zhongmin and Mr. Sun Zhongmin is deemed to be interested in the underlying shares held by Silky Apex under the SFO.
4. Mr. Sun Zhongmin is interested in 109,086,735 underlying shares pursuant to convertible bonds in the principal amount of HK\$87,269,388 issued by the Company at the conversion price of HK\$0.80 per share on 17 August 2018.
5. These shares represent the share options granted by the Company under the share option scheme of the Company on 20 June 2018.

The English names of Chinese entities marked with “*” are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

3. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

To the best of the Directors' knowledge, as at the Latest Practicable Date, the following persons (not being the Director or chief executive of the Company) had, or were deemed to have, interests or short positions in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the issued voting shares of any other member of the Group, or which were recorded in the register required to be kept under section 336 of the SFO:

Name	Nature of interests	Number of Shares held	Number of underlying Shares held	Approximate percentage of the issued share capital of the Company
Wintime Company Limited (<i>Note 1</i>)	Beneficial owner	1,434,421,537	—	44.83%
	Beneficial owner	—	1,254,654,765	39.22%
Winluck Global Limited (<i>Note 1</i>)	Interest of controlled corporation	1,434,421,537	—	44.83%
	Interest of controlled corporation	—	1,254,654,765	39.22%
	Beneficial owner	—	87,662,575	2.74%
Gang Rui International Investment (HK) Limited 港銳國際投資(香港)有限公司 (<i>Note 2</i>)	Beneficial owner	811,738,927	—	25.37%
Beijing Guorui Real Estate Development Co., Ltd *北京國銳房地產開發有限公司 (<i>Note 2</i>)	Beneficial interest held by controlled corporation	811,738,927	—	25.37%
Beijing Guorui Holdings Co., Ltd* 北京國銳控股有限公司	Beneficial interest held by controlled corporation	811,738,927	—	25.37%

Notes:

1. Wintime Company Limited is interested in 1,434,421,537 shares and 1,254,654,765 underlying shares pursuant to convertible bonds in the principal amount of HK\$1,003,723,812 issued by the Company at conversion price of HK\$0.80 per share on 17 August 2018. Wintime Company Limited is a wholly-owned subsidiary of Winluck Global Limited. Apart from the shares and underlying shares held by Wintime Company Limited, Winluck Global Limited is also interested in 87,662,575 underlying shares pursuant to convertible bonds in the principal amount of

HK\$70,130,060 to be issued by the Company at conversion price of HK\$0.80 per share pursuant to the payment schedule under the agreement entered on 30 May 2018. The entire issued share capital of Winluck Global Limited is beneficially owned by Mr. Wei Chunxian. Winluck Global Limited is deemed to be interested in the shares and underlying shares held by Wintime Company Limited, and Mr. Wei Chunxian is deemed to be interested in the shares and underlying shares held by Wintime Company Limited and Winluck Global Limited under the SFO.

2. 811,738,927 shares are held by Gang Rui International Investment (HK) Limited. Gang Rui International Investment (HK) Limited is owned as to 90% and 10% by Beijing Guo Rui Real Estate Development Co. Limited* (北京國銳房地產開發有限公司) and Future Glow Ventures Inc. respectively. Future Glow Ventures Inc. is wholly-owned by an independent third party. Beijing Guo Rui Real Estate Development Co. Limited* (北京國銳房地產開發有限公司) is wholly-owned by Beijing Guorui Holdings Co. Limited* (北京國銳控股有限公司), which is directly owned by Mr. Wei Chunxian and Mr. Sun Zhongmin as to approximately 91% and 9%, respectively. Each of Beijing Guo Rui Real Estate Development Co. Limited* (北京國銳房地產開發有限公司), Beijing Guorui Holdings Co. Limited* (北京國銳控股有限公司) and Mr. Wei Chunxian is deemed to be interested in the shares held by Gang Rui International Investment (HK) Limited under the SFO.

The English names of Chinese entities marked with “*” are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English name. In the event of any inconsistency, the Chinese name prevails.

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors and chief executive of the Company are aware, no person (other than a Director and chief executive of the Company) had or was deemed or taken to have an interest and/or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or is directly or indirectly interested in 5% or more of the issued voting shares at general meetings of the Company or any other member of the Group, or which were recorded in the register required to be kept under section 336 of the SFO.

Save as disclosed below, as at the Latest Practicable Date, no other Directors are directors or employees of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Title	Company
Mr. Wei Chunxian	Director	Wintime Company Limited
	Director	Winluck Global Limited
	Director	Gang Rui International Investment (HK) Limited 港銳國際投資（香港）有限公司
Mr. Sun Zhongmin	Director	Gang Rui International Investment (HK) Limited 港銳國際投資（香港）有限公司
	Director	Beijing Guorui Real Estate Development Co., Ltd* 北京國銳房地產開發有限公司
Ms. Liu Shuhua	Director	Beijing Guorui Holdings Co., Ltd * 北京國銳控股有限公司
	Director	Beijing Guorui Real Estate Development Co., Ltd* 北京國銳房地產開發有限公司
Ms. Li Bing	General Manager of Brand Marketing	Beijing Guorui Real Estate Development Co., Ltd* 北京國銳房地產開發有限公司

4. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors nor any of their respective close associates had any interest in any businesses (other than being a director of one or more members the Group or their respective close associates) which competes or are likely to compete, either directly or indirectly, with the businesses of the Group.

5. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the Company or any member of the Group within one year without payment of compensation (other than statutory compensation)).

6. INTERESTS IN CONTRACTS OR ARRANGEMENT

None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

7. INTEREST IN ASSETS

As at the Latest Practicable Date, save as disclosed, none of the Directors had any direct or indirect interest in any asset which had, since 31 December 2019 (being the date to which the latest published audited financial statements of the Group were made up), been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance pending or threatened against any member of the Group.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which are contained in this circular:

Name	Qualification
BMI Appraisals Limited	Independent property valuer

The letter, advice, report, valuation certificate and/or opinion, as the case may be, of the above expert is given as of the Latest Practicable Date for incorporation herein.

As at the Latest Practicable Date, the above expert did not have (i) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and (ii) any direct or

indirect interest in any assets which have since 31 December 2019 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter(s), advice, report(s), valuation certificate(s) and/or opinion(s), as the case may be, and the references to its name included herein in the form and context in which such name appears.

10. MATERIAL CONTRACT

The following contract has been entered into by the Group (not being contract entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date and is or may be material:

- (a) the sale and purchase agreement dated 16 July 2019 entered into among the Company, Winluck Global Limited (“**Winluck Global**”) and Silky Apex Limited (“**Silky Apex**”), pursuant to which Winluck Global and Silky Apex agreed to sell and the Company agreed to purchase 50,000 shares of Capable Kingdom Limited in exchange for 50,000 shares of Wholly Express Limited. The consideration under such agreement is in the form of exchanging shares of Wholly Express Limited for shares of Capable Kingdom Limited.

11. GENERAL

- (a) The secretary of the Company is Ms. Lam Yuen Ling Eva, who is a fellow of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries and was awarded the Chartered Governance Professional qualification.
- (b) The registered office of the Company is situated at Suite 1603, 16/F, Wheelock House, 20 Pedder Street, Central, Hong Kong.
- (c) The Company’s share registrar and transfer office in Hong Kong is Tricor Standard Limited, Level 54, Hopewell Centre 183 Queen’s Road East Hong Kong.
- (d) In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours (i.e. from 10:00 a.m. to 4:00 p.m. on Monday to Friday, except public holidays of Hong Kong) at the principal place of business of the Company in Hong Kong at Suite 1603, 16/F, Wheelock House, 20 Pedder Street, Central, Hong Kong for a period of 14 days from the date of this circular:

- (a) the Agreement;
- (b) the property valuation report in respect of the Target Property prepared by BMI Appraisals Limited, the text of which is set out in Appendix II to this circular;
- (c) the written consent referred to in paragraph headed “9. Expert and Consent” of this appendix;
- (d) the material contract referred to in the paragraph headed “10. Material Contract” of this appendix;
- (e) the circular of the Company dated 4 December 2020;
- (f) this circular; and
- (g) the articles of association of the Company.