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廣州富力地產股份有限公司
GUANGZHOU R&F PROPERTIES CO., LTD.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 2777)

**JOINT VENTURE ARRANGEMENT
CONNECTED AND MAJOR TRANSACTION**

THE JOINT VENTURE ARRANGEMENT

On 29 September 2021 (after trading hours), the Company entered into the Agreement with the Major Shareholders in relation to the Joint Venture Arrangement.

LISTING RULES IMPLICATIONS

(i) Chapter 14

As one or more of the percentage ratios (as defined in the Listing Rules) applicable to the Company's commitment exceeds 25% but are all less than 75%, the Joint Venture Arrangement constitutes a major transaction for the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

(ii) Chapter 14A

Each of the Major Shareholders is an executive Director and a substantial shareholder of the Company. The transactions contemplated under the Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Company's commitment exceeds 5%, the Joint Venture Arrangement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 29 September 2021 (after trading hours), the Company entered into the Agreement with the Major Shareholders in relation to the Joint Venture Arrangement for the purposes of identifying and jointly investing into project development and property-related investments.

BENEFITS OF THE JOINT VENTURE ARRANGEMENT

The Company considers that the Joint Venture Arrangement demonstrates the commitment and confidence of the Major Shareholders to the development and prospects of the Group. The investment by the Major Shareholders will be settled by offsetting against the Financial Support and in cash as set out in the section headed “Capital contribution” below.

Upon completion of the Joint Venture Arrangement, the direct equity participation by the Major Shareholders will be considered as long-term investment capital contribution. Following the announcement of the Company dated 20 September 2021 in relation to, among others, the possible financial support of up to HK\$8.0 billion by the Major Shareholders, the current contemplated total commitment by the Major Shareholders is RMB10.4 billion, there will be an overall improvement to the Group’s liquidity and financial structure upon completion of the Joint Venture Arrangement. Based on internal financial information as at 31 August 2021, the Group’s pro forma net gearing ratio will decrease to 103%. Up to the date of this announcement, approximately RMB5.38 billion of financial assistance has already been provided by the Major Shareholders, which will be used to settle part of the commitment of the Major Shareholders under the Joint Venture Arrangement.

Based on the Company’s financial planning for the remainder of the year, management expects the pace of further reduction of the net gearing ratio will occur ahead of internal targets.

The Joint Venture Arrangement will make the Group’s financial structure more optimal and healthier which will be beneficial to its long-term development.

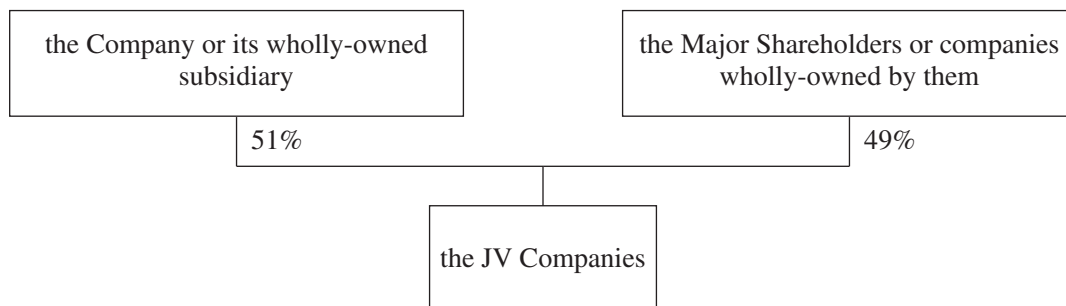
THE JOINT VENTURE ARRANGEMENT

The principal terms of the Agreement are set out below.

Subject matter

The Major Shareholders and the Company agreed to the formation of the JV Companies.

Each of the JV Companies will be held as to 51% by the Company or its wholly-owned subsidiary and as to 49% by the Major Shareholders or companies wholly-owned by them.



Each of the JV Companies will be a subsidiary of the Company and their financial results will be consolidated by of the Company.

Capital Contribution

The Major Shareholders or companies wholly-owned by them will subscribe for a 49% interest in each of the JV Companies. The Company or its wholly-owned subsidiary will subscribe for a 51% interest in each of the JV Companies.

Each of the Company and the Major Shareholders will make capital contribution to the JV Companies in the amount pro rata to their equity holding in the JV Companies.

The proportion of total commitment attributable to the Company to the JV Companies will be up to RMB10.8 billion.

The total commitment of the Major Shareholders to the JV Companies will be up to RMB10.4 billion, which will be settled (i) first, by offsetting against the Financial Support; and (ii) secondly, in cash.

The amount of capital contribution was determined based on the amount of the financial assistance already provided to the Company by the Major Shareholders as at the date of this announcement and the amount of long-term commitment that they are willing to invest in the projects to be identified by the JV Companies.

Management

With respect the management of the JV Companies, the Company will have the right to appoint the majority of the directors of the JV Companies. It will also take lead in selecting and identifying the investments. In making investment decisions, the Major Shareholders, Ms. Li Helen (who is the sister of Dr. Li) and Ms. Zhang Lin (who is the sister of Mr. Zhang), will abstain from voting in the relevant board resolutions.

Condition

The Joint Venture Arrangement will be subject to the Company having obtained the approval from the Independent Shareholders at a general meeting to approve the Agreement and the transactions contemplated thereunder.

REASONS FOR AND BENEFITS

The Group is principally engaged in the development and sale of properties, property investment, hotel operation and other property development related services in the PRC.

It is expected that the JV Companies will invest in projects that are in line with the principal business of the Group (including property development projects, investment properties and urban renewal projects).

The benefits of the Joint Venture Arrangements are set out in the section headed “BENEFITS OF THE JOINT VENTURE ARRANGEMENT” above. The Major Shareholders are committed to support the Group and, subject to compliance with all applicable rules and regulations (including the Listing Rules), will continue to do so.

The Directors (excluding (i) the Major Shareholders, Ms. Li Helen (who is the sister of Dr. Li) and Ms. Zhang Lin (who is the sister of Mr. Zhang); and (ii) the independent non-executive Directors, who will provide their opinion after having received the advice from the independent financial adviser) are of the view that the Agreement was entered into on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Each of the Major Shareholders, Ms. Li Helen (who is the sister of Dr. Li) and Ms. Zhang Lin (who is the sister of Mr. Zhang) has abstained from voting on the relevant Board resolutions in relation to the Agreement.

LISTING RULES IMPLICATIONS

(i) Chapter 14

As one or more of the percentage ratios (as defined in the Listing Rules) applicable to the Company’s commitment exceeds 25% but are all less than 75%, the Joint Venture Arrangement constitutes a major transaction for the Company and is subject to the reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

(ii) Chapter 14A

Each of the Major Shareholders is an executive Director and a substantial shareholder of the Company. The transactions contemplated under the Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Company's commitment exceeds 5%, the Joint Venture Arrangement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Company will convene the EGM to seek the approval of the Independent Shareholders for the Joint Venture Arrangement.

The Independent Board Committee comprising all the independent non-executive Directors has been established to consider the terms of the Agreement and an independent financial adviser will be appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders whether the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

A circular containing, among other things, (i) further details about the Joint Venture Arrangement; (ii) the recommendations of the Independent Board Committee on the terms of the Agreement; (iii) a letter of advice from the independent financial advisor to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Agreement; and (iv) the notice convening the EGM, will be dispatched to the Shareholders in accordance with the requirements of the Listing Rules. As the Company expects that it will require more time to collect and collate the information to be included in the circular, it is currently expected that the circular will be dispatched to the Shareholders on or before 29 October 2021.

DEFINITIONS

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

“Agreement”	the agreement dated 29 September 2021 entered into between the Company and the Major Shareholders in relation to the Joint Venture Arrangement
“Board”	the board of the directors of the Company
“Company”	Guangzhou R&F Properties Co., Ltd.* (廣州富力地產股份有限公司), a joint stock company incorporated in the People's Republic of China with limited liability and the H shares of which are listed on the main board of the Stock Exchange (stock code: 2777)

“Director(s)”	the director(s) of the Company
“Dr. Li	Dr. Li Sze Lim, an executive Director and a substantial shareholder of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the transactions contemplated under the Agreement
“Financial Support”	the financial support provided by the Major Shareholders in the amount of RMB5.38 billion as at the date of the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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 respect of the transactions contemplated under the Agreement
“Independent Shareholders”	the Shareholders other than Dr. Li, Mr. Zhang and their respective associates (as defined in the Listing Rules)
“Joint Venture Arrangement”	the formation of the JV Companies between the Company and the Major Shareholders
“JV Companies”	one or more investment vehicles to be formed between the Major Shareholders (or their wholly-owned companies) and the Company (or its wholly-owned subsidiaries)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Major Shareholders”	Dr. Li and Mr. Zhang
“Mr. Zhang”	Mr. Zhang Li, an executive Director and a substantial shareholder of the Company
“PRC”	the People’s Republic of China
“Shareholders”	the shareholders of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent.

By Order of the Board
Guangzhou R&F Properties Co., Ltd.
Michael Lee
Company Secretary

29 September 2021, Hong Kong

As at the date of this announcement, the executive directors of the Company are Dr. Li Sze Lim, Mr. Zhang Li, Mr. Zhang Hui and Mr. Xiang Lijun; the non-executive directors are Ms. Zhang Lin and Ms. Li Helen; and the independent non-executive directors are Mr. Zheng Ercheng, Mr. Ng Yau Wah, Daniel and Mr. Wong Chun Bong.

* *For identification purposes only*