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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Guangzhou R&F Properties Co., Ltd.* (廣州富力地產股份有限公司), you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

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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)

MAJOR TRANSACTION

**DISPOSAL OF 30% INTEREST IN
GUANGZHOU INTERNATIONAL AIRPORT R&F
INTEGRATED LOGISTICS PARK**

Financial adviser to the Company



Unless the context requires otherwise, capitalised terms used on this cover page have the same meaning as defined in the section headed "Definitions" in this circular.

The Disposal has been approved by written shareholders' approval obtained from the Major Shareholders 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.

* For identification purpose only

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DEFINITIONS

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

“Agreement”	the agreement dated 6 December 2021 between the Seller and the Purchaser in relation to the Disposal
“Airport Logistics”	廣州富力國際空港綜合物流園有限公司 (Guangzhou Fuli International Airport Integrated Logistics Park Co., Ltd.*), a company established in the PRC with limited liability and a wholly owned subsidiary of the Surviving Company as at the date of the Agreement
“Board”	the board of Directors
“Business Day”	a day other than Saturday, Sunday, any day on which banks with business license located in the PRC, Cayman Islands, Singapore, Hong Kong and New York are authorized or obligated to close, or any public holiday authorized by the State Council of the PRC
“Closing”	completion of the Disposal
“Closing Date”	the date on which Closing took place, being 13 December 2021
“Closing Payment”	has the meaning ascribed to this term under “THE AGREEMENT – Consideration” in “Letter from the Board” of this circular
“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 PRC with limited liability and the H Shares of which are listed on the main board of the Stock Exchange (stock code: 2777)
“connected persons”	has the meaning ascribed to this term under the Listing Rules
“Consideration”	has the meaning ascribed to this term under “THE AGREEMENT – Consideration” in “Letter from the Board” of this circular
“Deposit”	has the meaning ascribed to this term under “THE AGREEMENT – Consideration” in “Letter from the Board” of this circular

DEFINITIONS

“Dingfu”	廣州鼎富商業運營有限公司 (Guangzhou Dingfu Business Operation Co., Ltd.*), a company established in the PRC with limited liability and a wholly owned subsidiary of the Surviving Company as at the date of the Agreement
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Equity Interests by the Seller to the Purchaser pursuant to the Agreement
“Dr. Li”	Dr. Li Sze Lim, an executive Director and a substantial shareholder of the Company
“Equity Interests”	has the meaning ascribed to this term under “THE AGREEMENT – Subject Matter” in “Letter from the Board” of this circular
“Escrow Account”	an escrow account opened in the name of an escrow agent and jointly controlled by the Seller and the Purchaser
“Group”	the Company and its subsidiaries
“H Share(s)”	ordinary share(s) in the capital of the Company, with a nominal value of RMB1 each, which are listed on the main board of the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huawei”	廣州市華維裝飾材料有限公司 (Guangzhou Huawei Decoration Material Co., Ltd.*), a company established in the PRC with limited liability and a wholly owned subsidiary of the Surviving Company as at the date of the Agreement
“Latest Practicable Date”	24 January 2022 being the latest practicable date for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2021, or such later date as the Seller and the Purchaser may agree in writing from time to time

DEFINITIONS

“Major Shareholders”	Dr. Li and Mr. Zhang
“Merger”	the business combination between Sonic Holdings II Limited and Lofty Express Limited pursuant to the merger agreement dated 9 November 2020, details of which are set out in the Company’s announcement dated 9 November 2020
“Mr. Zhang”	Mr. Zhang Li, an executive Director and a substantial shareholder of the Company
“PRC”	the People’s Republic of China
“Properties”	the land located in Huadu District, Guangzhou, the PRC, with the title certificates of Yue (2021) Guangzhou Shi Real Estate Title Certificate No. 08003265 (粵(2021)廣州市不動產權第08003265號), Yue (2021) Guangzhou Shi Real Estate Title Certificate No. 08003266 (粵(2021)廣州市不動產權第08003266號), Yue (2021) Guangzhou Shi Real Estate Title Certificate No. 08059301 (粵(2021)廣州市不動產權第08059301號), Yue (2021) Guangzhou Shi Real Estate Title Certificate No. 08059107 (粵(2021)廣州市不動產權第08059107號), Yue (2021) Guangzhou Shi Real Estate Title Certificate No. 08060239 (粵(2021)廣州市不動產權第08060239號), Yue (2021) Guangzhou Shi Real Estate Title Certificate No. 08058090 (粵(2021)廣州市不動產權第08058090號), Yue (2020) Guangzhou Shi Real Estate Title Certificate No. 08403649 (粵(2020)廣州市不動產權第08403649號), Sui Guo Yong (2013) No. 00722071 (穗國用(2013)第00722071號) and an aggregate land area of 1,671 mu (which area includes infrastructure facilities such as roads, greenbelts, etc. which are not part of the ownership reflected by the real estate title certificates), and all completed facilities erected thereon
“Property Value”	the value of the Properties agreed by the Seller and the Purchaser, being RMB7.3 billion
“Purchaser”	Sonic Holdings I Limited, an exempted company established under the laws of the Cayman Islands with limited liability
“Purchaser’s Closing Conditions Precedent”	has the meaning ascribed to this term under “THE AGREEMENT – Conditions Precedent” in “Letter from the Board” of this circular

DEFINITIONS

“Put Option”	the put option granted to the Purchaser under the put option deed dated 19 January 2021 by, among others, the Seller and the Purchaser
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	R&F Properties (HK) Company Limited (富力地產 (香港) 有限公司), a company established under the laws of Hong Kong and a wholly owned subsidiary of the Company as at the Latest Practicable Date
“Seller’s Closing Conditions Precedent”	has the meaning ascribed to this term under “THE AGREEMENT – Conditions Precedent” in “Letter from the Board” of this circular
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Company
“sqm”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	supervisor(s) of the Company
“Surviving Company”	Sonic Holdings II Limited, an exempted company established under the laws of the Cayman Islands with limited liability, and the surviving company following the Merger
“Target Group”	the Surviving Company and its subsidiaries, including Airport Logistics, Dingfu and Huawei
“USD”	United States dollar, the lawful currency of the United States of America
“%”	per cent.

* *For identification purposes only*

LETTER FROM THE BOARD



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)

Executive Directors:

Dr. Li Sze Lim
Mr. Zhang Li
Mr. Zhang Hui
Mr. Xiang Lijun

Registered Office in the PRC:

45-54/F., R&F Center,
No. 10 Huaxia Road
Pearl River New Town
Guangzhou 510623 PRC

Non-executive Directors:

Ms. Zhang Lin
Ms. Li Helen

*Principal Place of Business
in Hong Kong:*

Room 6303, The Center,
No. 99 Queen's Road Central,
Hong Kong

Independent non-executive Directors:

Mr. Zheng Ercheng
Mr. Ng Yau Wah, Daniel
Mr. Wong Chun Bong

26 January 2022

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

**DISPOSAL OF 30% INTEREST IN
GUANGZHOU INTERNATIONAL AIRPORT R&F
INTEGRATED LOGISTICS PARK**

INTRODUCTION

References are made to the Company's announcements dated 9 November 2020 and 19 January 2021 in relation to the Merger which became effective on 19 January 2021 and the Company's announcement dated 7 December 2021 in relation to the Disposal.

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The Company announced that on 6 December 2021, the Seller and the Purchaser entered into the Agreement, pursuant to which the Seller agreed to sell, and the Purchaser agreed to purchase, the Equity Interests on and subject to the terms and conditions of the Agreement. The Closing had taken place on 13 December 2021 and the Group had ceased to have any shareholding or ownership interest in the Target Group and the Properties.

The Disposal, after aggregation with the Merger pursuant to Rule 14.22 of the Listing Rules, 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. The Company has obtained the written approval for the Disposal from the Major Shareholders in accordance with Rule 14.44 of the Listing Rules in lieu of a resolution to be passed at a general meeting of the Company, and the Company will not convene a general meeting for seeking shareholders' approval for the Disposal. This circular is being dispatched to the Shareholders for information only.

The purpose of this circular is to provide you with, among others, (i) further details of the Disposal; (ii) the financial information of the Group; (iii) a property valuation report on the Properties pursuant to Chapter 5 of the Listing Rules; and (iv) other information as required under the Listing Rules.

THE AGREEMENT

Date

6 December 2021

Parties

- (1) the Seller
- (2) the Purchaser

Subject Matter

Pursuant to the Agreement, the Seller conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, 30% of the issued shares of the Surviving Company, representing all the issued shares of the Surviving Company which are owned by the Seller as at Closing (the "**Equity Interests**").

Consideration

The consideration for the Equity Interests (the "**Consideration**") shall be 30% of (a) the Property Value of RMB7.3 billion, subject to adjustment (which may be zero, positive or negative) for the value of the relevant facilities of the Properties awaiting title certificates, which value is calculated by multiplying the gross floor area of the relevant facilities by an agreed value per sqm (the "**Adjustment for Relevant Facilities**"); plus (b) the pro forma adjusted net asset value of the Target Group as at the Closing Date (the "**Final NAV**").

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For illustration purpose and based on the management forecast pro forma consolidated balance sheet of the Target Group as at 31 December 2021, the Final NAV would be a net liability of RMB3,089,133,894. In arriving at the Final NAV, pro forma adjustments would be made for, among others, construction costs payable (which would be treated as liabilities), accounts receivable (which would be treated as assets or would be disregarded and be treated as zero depending on their recoverability and default risk), and the value of non-current assets (intangible assets, inventory, fixed assets or investment properties formed by lands, properties, FF&E (furniture, fixtures & equipment) for self-use would be disregarded and be treated as zero; however, fixed assets for purposes of daily operations, such as machinery and electronic equipment, air conditioners, computers, transportation and office equipment for Dingfu and Airport Logistics, and transportation equipment and air conditioners for Huawei, would be treated as assets).

Based on the above illustrative calculation and on the basis that the Adjustment for Relevant Facilities is zero, the Consideration would amount to approximately RMB1,263 million, subject to the actual adjustments to be made based on the circumstances of the Target Group as at the Closing Date.

The Consideration was arrived at after arm's length negotiations between the Seller and the Purchaser with reference to the Property Value (subject to adjustment as aforesaid to the extent applicable) and the net asset value of the Target Group, in each case as attributable to the Equity Interests. The Properties include both developed properties and land for future development. The Property Value was arrived at after arm's length negotiations between the Seller and the Purchaser with reference to the average market unit price of comparable transactions of a similar nature of the developed properties and value of land for future development. For the Company's internal assessment purpose, the Company considers that the Property Value of RMB7.3 billion could be apportioned as to (i) RMB6,880 million for the developed properties with a total gross floor area of approximately 974,998 sqm, representing approximately RMB7,056 per sqm; and (ii) RMB420 million for the land for future development with an estimated gross floor area of approximately 237,175 sqm, representing approximately RMB1,771 per sqm. The valuation per sqm for both (i) and (ii) is higher than the average value of the comparable transactions considered by the Company with 30 November 2021 as the reference date. The comparable transactions were selected on the following basis: (a) the underlying buildings or land parcels are for permitted uses (industrial or storage use) similar to those of the Properties; (b) the transactions were conducted within 3 years from the date of the Disposal; and (c) the underlying buildings or land parcels are located in locations in Guangdong Province or in locations close to tier-1 city (e.g. Shanghai) in the PRC with similar accessibility as that of the Properties.

Based on the foregoing, the Directors consider that the Consideration was fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Consideration shall be settled in the following manner:

- (a) the Purchaser shall pay an amount of USD10 million (the "**Deposit**") in cash into the Escrow Account within two (2) Business Days after the Escrow Account is opened and active for use;

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- (b) at Closing, the Purchaser shall pay an amount of RMB1 billion (the “**Closing Payment**”) minus the Deposit in USD in cash to the Seller, and the Deposit shall be released to the Seller and applied towards the Closing Payment;
- (c) after Closing, the Purchaser shall pay the balance, being the amount of the Consideration minus the Closing Payment, in USD in cash to the Seller within six (6) Business Days after the satisfaction of the following conditions:
 - (i) the Seller having paid all applicable taxes payable by it in connection with the transaction contemplated under the Agreement pursuant to the applicable laws in the PRC;
 - (ii) the Seller having obtained written confirmation from the relevant governmental authority addressed to Dingfu and Huawei to clarify the permitted usage of certain land parcels held by Dingfu and Huawei constituting part of the Properties; and
 - (iii) the conditions precedent to payment of the holdback amounts under the merger agreement dated 9 November 2020 (as amended or supplemented from time to time) having been satisfied, including, among others, the Seller having obtained certificates and permits of certain work relating to the Properties.

As at the Latest Practicable Date, the portion of Consideration payable pursuant to (a) and (b) above had been settled, and none of the conditions for settlement of the portion of Consideration pursuant to (c) above had been satisfied.

Conditions precedent

The obligations of the Purchaser to proceed to the Closing shall be subject to the satisfaction (or written waiver by the Purchaser) of, among others, the following conditions on or prior to the Closing Date (as applicable) (the “**Seller’s Closing Conditions Precedent**”):

- (i) as of the Closing Date, there shall not be (i) in effect any applicable laws or government order or (ii) any action commenced or notification given by any government authority seeking to restrain or materially and adversely alter the transaction contemplated under the Agreement, which renders or is likely to render it impossible or unlawful to consummate the transaction contemplated under the Agreement;
- (ii) as of the Closing Date, there shall not be any mandatory acquisition or expropriation by any government authority against the Properties or part thereof;
- (iii) no material adverse effect shall have occurred which is incapable of being cured or, if curable, is not cured by the earlier of the date which is thirty (30) days after written notice thereof by the Purchaser and the Long Stop Date;
- (iv) the representations and warranties made by the Seller shall be true and correct, subject to certain materiality qualifiers;

LETTER FROM THE BOARD

- (v) each of the covenants and obligations set forth in the Agreement that the Seller is required to comply with or perform at or prior to the Closing shall have been duly complied with or performed in all material respects; and
- (vi) the Target Group having obtained title certificates for the relevant facilities of the Properties, which title certificates shall have an aggregate gross floor area of not less than 364,638 sqm.

The obligations of the Seller to proceed to the Closing shall be subject to the satisfaction (or written waiver by the Seller) of, among others, the following conditions on or prior to the Closing Date (as applicable) (the “**Purchaser’s Closing Conditions Precedent**”):

- (i) as of the Closing Date, there shall not be (i) in effect any applicable laws or government order or (ii) any action commenced or notification given by any government authority seeking to restrain or materially and adversely alter the transaction contemplated under the Agreement, which renders or is likely to render it impossible or unlawful to consummate the transaction contemplated under the Agreement;
- (ii) the representations and warranties made by the Purchaser shall be true and correct, subject to certain materiality qualifiers; and
- (iii) each of the covenants and obligations set forth in the Agreement that the Purchaser is required to comply with or perform at or prior to the Closing shall have been duly complied with or performed in all material respects.

In the event that any Purchaser’s Closing Conditions Precedent (in the case of the Seller exercising this termination right) or any Seller’s Closing Conditions Precedent (in the case of the Purchaser exercising this termination right) under the Agreement shall not have been, or if it becomes apparent that any of such conditions will not be satisfied in time such that the Closing can occur on or before the Long Stop Date, the Agreement and the transactions contemplated thereunder may be terminated by the Seller or the Purchaser upon written notice to other party; provided that, such party shall not have the right of termination if the failure to fulfill such conditions is due to the failure of such party to comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing.

Closing

The Seller’s Closing Conditions Precedent and the Purchaser’s Closing Conditions Precedent had been satisfied and Closing had taken place on 13 December 2021.

Immediately upon Closing, the Company had ceased to have any shareholding or ownership interest in the Target Group and the Properties.

Put Option

Upon Closing, the Put Option was terminated.

LETTER FROM THE BOARD

INFORMATION ON THE PARTIES

The Seller

The Seller is a company established under the laws of Hong Kong and a wholly owned subsidiary of the Company.

As at the Latest Practicable Date, the Seller was principally engaged in investment holding.

The Purchaser

The Purchaser is an exempted company established under the laws of the Cayman Islands with limited liability.

The Purchaser is a subsidiary of funds affiliated with Blackstone Inc. as at the Latest Practicable Date. Blackstone Inc. is listed on the New York Stock Exchange (NYSE: BX). Blackstone is the world's largest alternative asset manager and invests on a global basis across a wide range of asset classes including private equity, real estate, public debt and equity, growth equity, opportunistic, non-investment grade credit, real assets and secondary funds. The Purchaser is an investment holding company.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are independent of the Company and its connected persons.

INFORMATION ON THE TARGET GROUP

The Surviving Company is an exempted company established under the laws of the Cayman Islands with limited liability on 25 September 2020. As at the date of the Agreement, (a) the Surviving Company was the holding company of the Target Group and was principally engaged in investment holding; and (b) each of Airport Logistics, Huawei and Dingfu was a wholly owned subsidiary of the Surviving Company and was principally engaged in holding and developing the Properties.

The unaudited financial information of Airport Logistics for the two years ended 31 December 2019 and 2020 are set out below:

	For the year ended 31 December	
	2019	2020
	<i>RMB</i>	<i>RMB</i>
Net profit before tax	8,082,685	2,951,758
Net profit after tax	6,053,348	2,370,879

LETTER FROM THE BOARD

The unaudited financial information of Huawei for the two years ended 31 December 2019 and 2020 are set out below:

	For the year ended 31 December	
	2019	2020
	RMB	RMB
Net profit before tax	91,428,984	34,415,957
Net profit after tax	68,782,337	24,900,197

Dingfu was established on 24 September 2020. For the period from the date of its establishment to 31 December 2020 (both dates inclusive), the unaudited net loss before tax and after tax of Dingfu were RMB7,545,884 and RMB5,659,413 respectively.

The unaudited consolidated net asset value of the Target Group as at 30 September 2021 was approximately RMB4,146,313,122.

INFORMATION ON THE PROPERTIES

The Properties are located in Guangzhou International Airport R&F Integrated Logistics Park, which is located in Huadong County, Huadu District, Guangzhou, the PRC and covers a total area of 1,671 mu (which area includes infrastructure facilities such as roads, greenbelts, etc. which are not part of the ownership reflected by the real estate title certificates), with a planned total construction area of over 1.2 million sqm. About 889,820 sqm of rentable area of high-standard warehouses, plants and cold storage are currently completed, and there are also completed supporting facilities, and a net undeveloped land area for warehouse is about 210 mu.

The appraised valuation of the Properties as at 30 November 2021 was approximately RMB7.3 billion according to the valuation appraisal conducted by Beijing Colliers International Real Estate Valuation Co., Ltd., the independent property valuer appointed by the Company. Please refer to Appendix II to this circular for the full text of the valuation report. To the best of the Directors' knowledge, having made all reasonable enquiries, the methodologies and key assumptions adopted by the valuer in the valuation report are commonly adopted in similar valuation exercises, and nothing has come to the attention of the Board that would cast doubt on the fairness and reasonableness of the valuation methodologies and key assumptions adopted in the valuation report.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Subject to the final Consideration as set forth under "THE AGREEMENT – Consideration" above and taking into account the Seller's good faith estimate of the applicable taxes and other costs and expenses payable by it in respect of the Disposal, it is estimated that the Company will receive cash payment of roughly RMB1,263 million from the Disposal. Subject to final audit, it is estimated that the Company will record a gain on disposal of approximately RMB19 million, which represents the difference between (A) approximately RMB1,263 million, being the final Consideration and (B) approximately RMB1,244 million, being 30% of the net asset value of the Target Group as at 30 September 2021 based on the unaudited consolidated management accounts of the Target Group. The Disposal is not expected to have any material adverse effect on the Group's earnings, assets and liabilities.

LETTER FROM THE BOARD

The Board intends to apply the net proceeds from the Disposal to repay the Company's indebtedness and as general working capital of the Group. Based on the internal financial information as at 30 November 2021, the balance of borrowings amounted to approximately RMB130 billion. Upon receiving the proceeds from the Disposal, the total borrowings are expected to reduce by approximately RMB1 billion to approximately RMB129 billion as a result of repayment and the Group's pro forma net gearing ratio will decrease to 99%.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

The Disposal enables the Group to monetize the value in its investment in the Properties accumulated over a period of time since investment and represents an opportunity to enhance the financial flexibility of the Group.

The Disposal is beneficial to the Group in optimizing the allocation of resources, focusing on the development of its core business, increasing its capital reserve and reducing its gearing ratio, which is conducive to the Group's ability to reduce risks and achieve long-term stable and healthy development.

Given that the terms of the Agreement were concluded after arm's length negotiations and were on normal commercial terms, the Directors (including the independent non-executive Directors) consider that the Disposal was fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Merger became effective on 19 January 2021, which is within 12 months from the date of the Agreement. By virtue of Rule 14.22 of the Listing Rules, the Disposal and the Merger are aggregated for the purpose of Chapter 14 of the Listing Rules as these transactions involve the disposal of equity interest in the same group of companies (that is, the Target Group which holds the Properties) completed within 12 months. As the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal, after aggregation with the Merger, is more than 25% but less than 75%, the Disposal, after aggregation with the Merger, 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.

WRITTEN SHAREHOLDER'S APPROVAL

Pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution to be passed at a general meeting of the Company, written shareholders' approval for the Disposal had been obtained from the Major Shareholders, who together (by themselves, through their respective spouses and through a corporation controlled by Dr. Li and his spouse at 50% each) hold an aggregate of 2,129,238,944 H Shares, representing approximately 56.74% of the issued share capital of the Company as at the date of such written approval. To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, none of the

LETTER FROM THE BOARD

Shareholders had any material interest in the Disposal and therefore no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Disposal are fair and reasonable and the Disposal is in the interest of the Company and the Shareholders as a whole. Although a general meeting will not be convened by the Company to approve the Disposal, if such a general meeting were to be convened by the Company, the Board would recommend the Shareholders to vote in favour of the resolution to approve the Disposal.

ADDITIONAL INFORMATION

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

By Order of the Board
Guangzhou R&F Properties Co., Ltd.
Li Sze Lim
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Details of the audited consolidated financial information of the Company for each of the three years ended 31 December 2018, 2019 and 2020 and the unaudited consolidated financial information of the Company for the six months ended 30 June 2021 have been published and are available on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.rfchina.com) as follows:

- the annual report of the Company for the year ended 31 December 2018 (pages 98 to 224) published on 2 April 2019, available on:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0402/ltn20190402727.pdf>;
- the annual report of the Company for the year ended 31 December 2019 (pages 105 to 221) published on 8 April 2020, available on:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0408/2020040800745.pdf>;
- the annual report of the Company for the year ended 31 December 2020 (pages 108 to 223) published on 19 April 2021, available on
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0419/2021041900394.pdf>;
and
- the interim report of the Company for the six months ended 30 June 2021 (pages 21 to 60) published on 31 August 2021, available on:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0831/2021083100575.pdf>.

2. STATEMENT OF INDEBTEDNESS OF THE GROUP

As at the close of business on 30 November 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately RMB129.9 billion, details of which are set out below:

(i) Borrowings

	<i>RMB'000</i>
Bank and other borrowings	
Secured	76,333,026
Unsecured	7,714,066
Domestic Bonds	13,819,445
Senior Notes	32,022,972

The secured bank and other borrowings were secured by the right of use assets, property, plant and equipment, investment properties, properties under development, completed properties held for sale, restricted cash and the Group's shares of certain subsidiaries.

(ii) Charge of assets

As at 30 November 2021, assets with total carrying values of RMB111.1 billion and the Group's shares of certain subsidiaries were pledged to secure bank loans and other borrowings amounted to RMB76.33 billion.

(iii) Contingent liabilities

The Group provided guarantees in respect of bank mortgage loans taken out by purchasers of the Group's sale properties and joint liability counter-guarantees for certain borrowings granted to the Group's joint ventures and associates for project development purpose. For guarantees provided in respect of residential properties, the guarantees are released upon the issuance of real estate ownership certificate of the properties concerned. As at 30 November 2021, such guarantees totalled RMB103.1 billion.

3. WORKING CAPITAL STATEMENT OF THE GROUP

The Directors are of opinion that, after due and careful enquiry and taking into account the Agreement and the transactions contemplated thereunder, and the financial resources available to the Group including the internally generated funds and the available banking facilities, the Group will have sufficient working capital for at least the next 12 months commencing from the date of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there has been no material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As stated in the Company's 2021 interim results announcement dated 24 August 2021, the Group will continue to focus on managing liquidity and further improving overall credit profile. The Group will also continue to actively seek alternative funding sources and asset disposal opportunities to manage liquidity as well as mitigate market uncertainties brought on by changes in operating conditions and external factors.

The following is the text of a letter, a summary of values and summary report prepared for the purpose of incorporation in this circular received from Beijing Colliers International Real Estate Valuation Co. Ltd. (“Colliers”), an independent valuer, in connection with its valuation as at 30 November 2021 of the Properties held by the Target Group.



Guangzhou R&F Properties Co., Ltd.

Beijing Colliers International Real Estate Valuation Co., Ltd.
Suite 507, Block A Gemdale Plaza,
No. 91 Jianguo Road,
Chaoyang District, Beijing, China

R&F Properties (HK) Company Limited

26 January 2022

Dear Sir or Madam,

Re: Valuation of Guangzhou International Airport R&F Integrated Logistics Park located at Jingang North Road, Huadong Town, Huadu District, Guangzhou, Guangdong Province, the People’s Republic of China (the “Property”)

INSTRUCTIONS

We refer to the instructions received from Guangzhou R&F Properties Co., Ltd. and R&F Properties (HK) Company Limited (the “**Company**”) for us to assess the market value of Guangzhou International Airport R&F Integrated Logistics Park, located at Jingang North Road, Huadong Town, Huadu District, Guangzhou, Guangdong Province, the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquires and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the Property as at 30 November 2021 (the “**Valuation Date**”), for public disclosure purposes.

For ease of reference a summary of the valuations is contained in the valuation schedule below.

BASIS OF VALUATIONS

Our valuations are provided on the basis of Market Value, which we define 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 and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

VALUATION STANDARDS

These valuations have been carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Global Valuation Professional Standards, incorporating the International Valuation Standards of the International Valuation Standards Council (IVSC).

QUALIFICATIONS OF THE VALUER

This valuation has been prepared by Zhirong He (Flora He) (RICS Registration No.: 1259301), who is a Fellow of the Royal Institution of Chartered Surveyors. Flora is head of China Valuation Services team at Colliers. Flora is suitably qualified to carry out the valuations and has over 18 years' experience in the valuation of property of this magnitude and nature in China.

We confirm that neither the valuer nor Colliers are aware of any pecuniary interest or conflict that could reasonably be regarded as being capable of affecting the ability to give an unbiased and objective, opinion of the market value of the Property.

VALUATION APPROACHES

In arriving at our opinion of value, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions and/or offerings of comparable property. In the course of our valuation to assess the market value, we have considered the Income Approach – Discounted Cash Flow (DCF) Method and Capitalisation Method for the completed portion of the Property, whilst Cost Approach for the land portion of the Property.

Discounted Cash Flow (DCF) Method is the process of valuing an investment property or asset by undertaking an estimation of future cash flows and taking into account the time value of money. During the DCF technique, the income is projected over the investment cycle and the net income is calculated after the deduction of capital, operating, asset management fee, and other necessary expenses.

Capitalisation Method estimates the value of properties or assets on a market basis by capitalizing net rental income on a fully leased basis. This method is used when a property or asset is leased out for a specific term(s). This technique considers both the current passing rental income from existing tenancies and the potential future reversionary income at market level, by capitalising both at appropriate rates. In calculating the net rental income for this purpose, deduction is made for outgoings such as property management fees, capital expenditure, vacancy loss, and other necessary expenses.

Cost Approach is a means of valuing assets, land, or properties by reference to their development potential. The value is the residue value of the property as if completion according to the proposed development scheme, deferred by the development period up to the time when all the asset or property has been disposed of in the open market, after deducting the development costs including demolition costs, construction costs, professional fees and allowance for risk and profit.

We have also adopted the Market Approach to assess the market rent of the Property. The **Market Approach** provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. By analysing such sales, which qualify as 'arms-length' transactions, between willing buyers and sellers, adjustments are made for size, location, time, amenities and other relevant factors when comparing such sales prices to assess the value of the subject asset. This approach is commonly used to value assets where reliable sales evidence of assets of a similar nature is available.

SOURCES OF INFORMATION

Although we have made independent enquires as much as possible, we have relied to a very considerable extent on the information provided by the Company and have accepted such information given to us as being true and correct for valuation purposes. This has included such matters as particulars of occupancies, ownership titles, lettings, site and floor areas, statutory notices, easements, tenures, joint venture agreements, the identification of the property and all other relevant matters. Dimensions, measurements and areas included in the valuation summaries are based on information provided to us by the Company, that we assume to be true and correct for valuation purposes.

In carrying out the valuations, we have relied on the rental information supplied of leases in the property effective on or before the 30 November 2021. We believe this to be adequate for valuation purposes. Our independent research has included making reference to our internal data base, and those of government departments, researching open market transactions, and discussions with market practitioners. We have verified information to the extent possible.

TITLE DOCUMENTS

We have been provided with copies or extracts of title documents relating to the Property and have made relevant enquiries where possible. Due to the nature of the land registration system in the PRC, we have not examined the original documents to verify the existing titles to the property the PRC or any material encumbrances that might be attached to the property or any lease amendments. We have made assumptions that the full and proper ownership title of the Property has been obtained and all payable land premium or land-use rights fees have been fully settled.

We have relied on the advice given by the Company's PRC legal adviser, regarding the titles of the property interests in the PRC. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal adviser.

All legal documents disclosed in this letter, the summary of values and the valuation summary are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the property set out in this letter, the summary of values and the valuation summary.

VALUATION ASSUMPTIONS AND CAVEATS

Our valuation has been made on the assumption that the owners can sell any of the Property on the open market without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of the Property.

No allowances have been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that all Property are free of any encumbrances, restrictions and outgoings of an onerous nature which could affect its values.

We have conducted the valuation assuming:

- The information about the Property provided by the Company is true and correct.
- The Property are free from environmental problems and contamination and the ground conditions are satisfactory.
- We have assumed proper title of all the Property has been obtained, and the Property and the interest valued therein can be freely transferred, mortgaged and let in the market.
- All required approvals and certificates necessary for any development and occupation and use of the Property have been duly obtained and are in full force and effect.
- In valuing the Property held by the Company under development in the PRC, we have valued such Property on the basis that they will be developed and completed in accordance with the latest development proposals provided to us. We have further assumed that all consents, approvals and licenses from relevant government authorities for such development proposals have been or will be obtained without onerous conditions or delays.
- The current tenancies of the Property are of good covenant and will run the full term of their leases at the current contracted rental levels.
- We have valued the Property assuming no reduction in value to reflect any possible diminution in value resulting from a placing of the Property on the market together as one at the same time for sale.
- We are not aware of any easements or rights-of-way adversely affecting the Property and our valuation assume that none exists.

- We have assumed that all information, estimates and opinions furnished to us and contained in this report, including all information provided by the Company, are fit for valuation purposes, and have been obtained from sources considered reliable and believed to be true and correct. We assume no responsibility for accuracy.
- We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of, all relevant laws, ordinances and statutory requirements.
- We have assumed that, for any use(s) of the Property upon which this valuation report is based, any and all required licences, permits, certificates, and authorisations have been obtained, and are capable of renewal without difficulty.
- Where applicable no structural survey or testing of the services within or connected to the Property has been carried out. As appropriate we have assumed the Property are structurally sound, maintained in a condition fit for purpose, with all provided services in working order.
- Other assumptions used are set out in the valuation summaries attached hereto.

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

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 opinions 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 VPS 3 and 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 Property under frequent review.

SITE MEASUREMENT

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the Property but have assumed that the site area information provided to us is true and correct in all respects, for valuation purposes. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

Please be advised we have not carried out investigations to determine the suitability of the ground conditions and the services etc. for any future development. Our valuation has been prepared on the assumption that these aspects are satisfactory.

Moreover, we have not carried out any structural surveys or environmental assessments and are unable to report on issues such as rot, infestation or any other structural defects.

No tests were carried out on any of the services. We have assumed such are in good order for the purpose of valuation.

SITE INSPECTION

We have inspected the exterior and, where possible, the interior of the Property upon the instruction received. No structural surveys or environmental assessments have been made, but in the course of our inspections, we did not note any serious defects. We are not, however, able to report whether the Property are free of rot, infestation or any other structural defects. No tests were carried out on any of the services. We have assumed such are in good order for the purpose of valuation.

Please be advised we have not carried out investigations to determine the suitability of the ground conditions and the services etc. for any future development. Our valuation has been prepared on the assumption that these aspects are satisfactory.

Site inspection of the Property was carried out by Ms. Zhirong He (Flora He) (RICS Registration No.: 1259301) and Ms. Zijuan Xu (Cheryl Xu) (CIREA Registration No.: 4420150019) on 30 November 2021.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are Renminbi (RMB).

We hereby certify that we have neither present nor a prospective interest in the property or the value reported.

Our valuation summaries and valuation summary report are attached hereto.

Yours faithfully,
For and on behalf of
Beijing Colliers International Real Estate Valuation Co., Ltd.
Zhirong He (Flora He)
FRICS MCOMFIN
Executive Director
Valuation and Advisory Services | China

Note: Ms. Zhirong He holds a Master Degree of Commerce (Finance and Business Information System). She is a Registered Valuer with over 18 years' experience in real estate industry and assets valuation sector. Her experience on valuation covers Mainland China. Ms. He is a fellow member of the Royal Institution of Chartered Surveyors.

SCHEDULE OF VALUES CONTAINED IN VALUATION SUMMARIES

NO.	PORTION	MARKET VALUE IN EXISTING STATE AS AT 30 NOVEMBER 2021
1.	The completed portion of Guangzhou International Airport R&F Integrated Logistics Park	RMB6,897,000,000
2.	The vacant land portion of Guangzhou International Airport R&F Integrated Logistics Park	RMB403,000,000
Grand Total:		<u>RMB7,300,000,000</u>

**VALUATION SUMMARY 1 – THE COMPLETED PORTION OF
GUANGZHOU INTERNATIONAL AIRPORT R&F INTEGRATED LOGISTICS PARK**

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 30 NOVEMBER 2021																				
1	The completed portion of Guangzhou International Airport R&F Integrated Logistics Park (廣州富力國際空港綜合物流園), Jingang North Road (金港北路), Huadong Town (花東鎮), Huadu District (花都區), Guangzhou, Guangdong Province, PRC	<p>The Property, known as the completed portion of Guangzhou International Airport R&F Integrated Logistics Park, has a total gross floor area (GFA) of 977,120.69 sq m erected on eight parcels of land with a total site area of 763,572.69 sq m.</p> <p>As advised by the Company, the Property was completed by phases from 2009 to 2018. It comprises 21 blocks of 3-storey warehouse with lift access (known as J1– J18, J25-J27), one three-storey warehouse with ramp access (known as P1), three blocks of cold storage with ramp access to Level 2 and lift access to Level 3 (known as P2-P4), four four-storey warehouses with ramp access to Level 2 and lift access to Level 3 & Level 4 (known as B3-B6), eight three to four-storey warehouses with lift access (known as A5-A8, C1-C4), and two ancillary office buildings (known as BG1 and BG2) and eight dormitory buildings (known as Z1-Z8). The details are listed below:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Building No.</th> <th style="text-align: right;">GFA (sq m)</th> </tr> </thead> <tbody> <tr><td>J1-J18, J25-J27</td><td style="text-align: right;">355,967.45</td></tr> <tr><td>P1</td><td style="text-align: right;">120,514.71</td></tr> <tr><td>P2-P4&BG2</td><td style="text-align: right;">83,849.82</td></tr> <tr><td>B3-B6</td><td style="text-align: right;">147,985.58</td></tr> <tr><td>A5-A8</td><td style="text-align: right;">62,619.00</td></tr> <tr><td>C1-C4</td><td style="text-align: right;">146,753.39</td></tr> <tr><td>BG1</td><td style="text-align: right;">14,840.62</td></tr> <tr><td>Z1-Z8</td><td style="text-align: right;"><u>44,590.12</u></td></tr> <tr><td>Total</td><td style="text-align: right;"><u>977,120.69</u></td></tr> </tbody> </table> <p>Pursuant to the Real Estate Ownership Certificates and State-owned Land-use Rights Certificates provided, the state-owned land-use rights of the Property have been granted for a term of 50 years expiring on 9 December 2047, 21 December 2048 and 6 June 2063 for industrial, mining, and warehouse purposes.</p>	Building No.	GFA (sq m)	J1-J18, J25-J27	355,967.45	P1	120,514.71	P2-P4&BG2	83,849.82	B3-B6	147,985.58	A5-A8	62,619.00	C1-C4	146,753.39	BG1	14,840.62	Z1-Z8	<u>44,590.12</u>	Total	<u>977,120.69</u>	<p>As at the valuation date, the Property was in normal operation. According to the information provided, as at the Date of Valuation, the Property was subject to 51 tenancies which yields a total monthly rental income of approximately RMB32,080,000 (inclusive outgoings or disbursements from the rent being property management fee, value-added tax and rent free discount of approximately RMB3,690,000). The latest expiration date is 31 July 2026. The overall occupancy rate was 83.95%.</p>	<p>RMB6,897,000,000 (RENMINBI SIX BILLION EIGHT HUNDRED NINETY SEVEN MILLION)</p>
Building No.	GFA (sq m)																							
J1-J18, J25-J27	355,967.45																							
P1	120,514.71																							
P2-P4&BG2	83,849.82																							
B3-B6	147,985.58																							
A5-A8	62,619.00																							
C1-C4	146,753.39																							
BG1	14,840.62																							
Z1-Z8	<u>44,590.12</u>																							
Total	<u>977,120.69</u>																							

Notes:

- 1) Pursuant to the Real Estate Ownership Certificate, the state-owned land-use rights of the Property located at Zhuhu Village, Huadong Town, Huadu District, Guangzhou, are vested in 廣州富力國際空港綜合物流園有限公司. The details are listed below:

Certificate Number	Site Area <i>(sq m)</i>	Land Use	Expiry Date	Owner
Yue (2020) Guang Zhou Shi Real Estate Title Certificate No. 08403649	76,985.63	Industrial	9 December 2047	廣州富力國際空港綜合 物流園有限公司
Total	<u>76,985.63</u>			

- 2) Pursuant to the State-owned Land-use Rights Certificate, the state-owned land-use rights of the Property located at North of Airport North Extension, Huadong Town, Huadu District, Guangzhou are vested in 廣州富力國際空港綜合物流園有限公司. The details are listed below:

Certificate Number	Site Area <i>(sq m)</i>	Land Use	Expiry Date	Owner
Sui Guo Yong (2013) No. 00722071	59,876.26	Industrial	6 June 2063	廣州富力國際空港綜合 物流園有限公司
Total	<u>59,876.26</u>			

- 3) Pursuant to the Real Estate Ownership Certificates, the state-owned land-use rights of the Property located at No.1 Jingang Middle Road, Nos. 5, 7, 9 Jingang North Fourth Road, Nos. 5, 6, 7, 8 Jingang North Third Road, 14 to 21, No.2 of Jingang Middle Road, 18 to 21 of No.83 & No.83 of Yongxing Road, No.1 Huguang Road and Nos. 8, 10, 12 Jingang North First Road, Huadong Town, Huadu District, Guangzhou. The details are listed below:

Certificate Number	Site Area (sq m)	Land Use	GFA (sq m)	Building Use	Expiry Date	Owner
Yue (2021) Guang Zhou Shi Real Estate Title Certificate No. 08003265	169,262.42	Industrial	228,523.84	Others	21 December 2048	廣州鼎富商業運 營有限公司
Yue (2021) Guang Zhou Shi Real Estate Title Certificate No. 08003266	184,834.38	Industrial	262,798.94	Others	21 December 2048	廣州鼎富商業運 營有限公司
Yue (2021) Guang Zhou Shi Real Estate Title Certificate No. 08058090	100,881.00	Industrial	147,985.58	Others	21 December 2048	廣州市華維裝飾 材料有限 公司
Yue (2021) Guang Zhou Shi Real Estate Title Certificate No. 08059107	94,961.00	Industrial	146,743.3934	Others	21 December 2048	廣州鼎富商業運 營有限公司
Yue (2021) Guang Zhou Shi Real Estate Title Certificate No. 08059301	54,956.00	Industrial	83,849.8226	Others	21 December 2048	廣州鼎富商業運 營有限公司
Yue (2021) Guang Zhou Shi Real Estate Title Certificate No. 08060239	21,816.00	Industrial	44,590.12	Others	21 December 2048	廣州市華維裝飾 材料有限 公司
Total	<u>626,710.80</u>		<u>914,501.69</u>			

- 4) Pursuant to the Completion Acceptance Certificates for the Planning of Construction Project, the planning of the construction project of the Property has been accepted to 廣州富力地產股份有限公司 and 廣州富力國際空港綜合物流園有限公司. The details are listed below:

Certificate Number	Address	Project Name	GFA (sq m)	Owner
Sui Kong Gang Guo Gui He Shi (2018) 7 Hao	Airport North, Huadong Town, Huadu District	Workshop A5, A6, Guangzhou R&F International Airport Logistics Park (157 Mu and 290 Mu lot)	31,341.00	廣州富力地產股份有 限公司, 廣州富力 國際空港綜合物流 園有限公司
Sui Kong Gang Guo Gui He Shi (2018) 8 Hao	Airport North, Huadong Town, Huadu District	Workshop A7, A8, Guangzhou R&F International Airport Logistics Park (157 Mu and 290 Mu lot)	31,278.00	廣州富力地產股份有 限公司, 廣州富力 國際空港綜合物流 園有限公司
Total			62,619.00	

- 5) In the course of our valuation, we have mainly considered the selection criteria of use, location, and building specifications of the comparables. 3 warehouse and 3 cold storage comparables with similar building specifications within Guangzhou have been selected. The rental of warehouse comparables ranges from RMB42 to 49 psm per month, inclusive of Value-added Tax (VAT) and property management fee. Whilst the rental of cold Storage comparables ranges from RMB75 to 130 psm per month, inclusive of Value-added Tax (VAT) and property management fee. We have considered the relevant adjustment factors such as the accessibility, size, environment, building facilities, age/maintenance, etc. to determine the market rent of the Property.
- 6) In the course of our valuation, we have adopted the following key assumptions:

Valuation Approach	Parameter	Assumption
DCF Method	Discount Rate	8.00%
	Terminal Cap Rate	5.00%
Income Capitalisation Method	Term Yield	4.50%
	Reversion Yield	4.75%

- 7) Breakdown market values of the completed portion of the Property as at the Valuation Date are listed as follows:

Valuation Approach	Market Value	Weight
DCF Method	7,032,000,000	50%
Income Capitalisation Method	6,762,000,000	50%
	6,897,000,000	100%

8) The general description and market information of the property are summarised as below:

Location: The Property is located in Huadong Town (花東鎮), Huadu District (花都區), Guangzhou, Guangdong Province, PRC.

Transportation: The Property is accessible via Yongxing Road (永星路), Jingang Middle Road (金港中路) and Jingu North Road (金谷北路). Four expressways, namely G15 (Beijing-HongKong-Macau Expressway), G94 (Pearl River Delta Ring Expressway), G0423 (Lechang-Guangzhou) and Airport Second Expressway are situated near the Property to the south and west, respectively.

Nature of Surrounding Area: The subject area is mixed use in nature, comprising industrial rural properties.

9) We have prepared our valuation based on the following assumptions:

- the information of the Property provided by the Company is true and correct;
- the site is free from contamination and the ground conditions are satisfactory;
- the proper ownership title of the Property has been obtained, and all payable land premiums or land use rights fees have been fully settled;
- all required approvals and certificates necessary for the development and occupation and use of the Property have been duly obtained and are in full force and effect; and
- the Property can be freely transferred, mortgaged, sublet or otherwise disposed of in the market.

**VALUATION SUMMARY 2 – THE VACANT LAND PORTION OF
GUANGZHOU INTERNATIONAL AIRPORT R&F INTEGRATED LOGISTICS PARK**

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 30 NOVEMBER 2021														
2	The vacant land portion of Guangzhou International Airport R&F Integrated Logistics Park (廣州富力國際空港綜合物流園), Jingang North Road (金港北路), Huadong Town (花東鎮), Huadu District (花都區), Guangzhou, Guangdong Province, PRC	<p>The Property, known as the vacant land portion of Guangzhou International Airport R&F Integrated Logistics Park, has a total site area of 140,288.00 sq m.</p> <p>As advised by the Client, the proposed development scheme of the Property will comprise five four-storey warehouses with ramp access (known as A1-A2, C5, D1-D2), and two four-storey warehouses with lift access (known as A9, B1). The proposed GFA is approximately 237,175.00 sq m with details listed below:</p> <table style="margin-left: 40px; margin-top: 10px;"> <thead> <tr> <th style="text-align: left;">Building No.</th> <th style="text-align: right;">Proposed GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>A1-A2</td> <td style="text-align: right;">84,600.00</td> </tr> <tr> <td>A9</td> <td style="text-align: right;">21,060.00</td> </tr> <tr> <td>D1 & D2</td> <td style="text-align: right;">64,014.00</td> </tr> <tr> <td>B1</td> <td style="text-align: right;">23,760.00</td> </tr> <tr> <td>C5</td> <td style="text-align: right;"><u>43,741.00</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>237,175.00</u></td> </tr> </tbody> </table>	Building No.	Proposed GFA (sq m)	A1-A2	84,600.00	A9	21,060.00	D1 & D2	64,014.00	B1	23,760.00	C5	<u>43,741.00</u>	Total	<u>237,175.00</u>	As at the date of valuation, the Property was vacant land pending for development.	RMB403,000,000 (RENMINBI FOUR HUNDRED AND THREE MILLION)
Building No.	Proposed GFA (sq m)																	
A1-A2	84,600.00																	
A9	21,060.00																	
D1 & D2	64,014.00																	
B1	23,760.00																	
C5	<u>43,741.00</u>																	
Total	<u>237,175.00</u>																	
		<p>Pursuant to the Real Estate Ownership Certificates and State-owned Land-use Rights Certificates provided, the state-owned land-use rights of the Property have been granted for a term of 50 years expiring on 9 December 2047, 21 December 2048 and 6 June 2063 for industrial, mining, and warehouse purposes.</p>																

Notes:

- 1) Pursuant to the Real Estate Ownership Certificate, the state-owned land-use rights of the Property located at Zhuhu Village, Huadong Town, Huadu District, Guangzhou, are vested in 廣州富力國際空港綜合物流園有限公司. The details are listed below:

Certificate Number	Site Area <i>(sq m)</i>	Land Use	Expiry Date	Owner
Yue (2020) Guang Zhou Shi Real Estate Title Certificate No. 08403649	76,985.63	Industrial	9 December 2047	廣州富力國際空港綜合 物流園有限公司
Total	<u>76,985.63</u>			

- 2) Pursuant to the State-owned Land-use Rights Certificate, the state-owned land-use rights of the Property located at North of Airport North Extension, Huadong Town, Huadu District, Guangzhou are vested in 廣州富力國際空港綜合物流園有限公司. The details are listed below:

Certificate Number	Site Area <i>(sq m)</i>	Land Use	Expiry Date	Owner
Sui Guo Yong (2013) No. 00722071	59,876.26	Industrial	6 June 2063	廣州富力國際空港綜合 物流園有限公司
Total	<u>59,876.26</u>			

- 3) Pursuant to the Real Estate Ownership Certificates, the state-owned land-use rights of the Property located at No.1 Jingang Middle Road, Nos. 5, 7, 9 Jingang North Fourth Road, Nos. 5, 6, 7, 8 Jingang North Third Road, 14 to 21, No.2 of Jingang Middle Road, 18 to 21 of No.83 & No.83 of Yongxing Road, No.1 Huguang Road and Nos. 8, 10, 12 Jingang North First Road, Huadong Town, Huadu District, Guangzhou. The details are listed below:

Certificate Number	Site Area (sq m)	Land Use	GFA (sq m)	Building Use	Expiry Date	Owner
Yue (2021) Guang Zhou Shi Real Estate Title Certificate No. 08003265	169,262.42	Industrial	228,523.84	Others	21 December 2048	廣州鼎富商業運 營有限公司
Yue (2021) Guang Zhou Shi Real Estate Title Certificate No. 08003266	184,834.38	Industrial	262,798.94	Others	21 December 2048	廣州鼎富商業運 營有限公司
Yue (2021) Guang Zhou Shi Real Estate Title Certificate No. 08058090	100,881.00	Industrial	147,985.58	Others	21 December 2048	廣州市華維裝飾 材料有限公司
Yue (2021) Guang Zhou Shi Real Estate Title Certificate No. 08059107	94,961.00	Industrial	146,743.3934	Others	21 December 2048	廣州鼎富商業運 營有限公司
Yue (2021) Guang Zhou Shi Real Estate Title Certificate No. 08059301	54,956.00	Industrial	83,849.8226	Others	21 December 2048	廣州鼎富商業運 營有限公司
Yue (2021) Guang Zhou Shi Real Estate Title Certificate No. 08060239	21,816.00	Industrial	44,590.12	Others	21 December 2048	廣州市華維裝飾 材料有限公司
Total	<u>626,710.80</u>		<u>914,501.69</u>			

- 4) In assessing the market rent of the Property, we have mainly considered the selection criteria of use, location, and building specifications of the comparables. 3 warehouse comparables with similar building specifications within Guangzhou have been selected. The rental of warehouse comparables ranges from RMB42 to 49 psm per month, inclusive of Value-added Tax (VAT) and property management fee. In the course of our valuation, we have considered the relevant adjustment factors such as the accessibility, size, environment, building facilities, age/maintenance, etc. to determine the unit rent of the Property.
- 5) The gross development value of the Property, based on current development scheme, as at the Valuation Date, was estimated at approximately RMB1,738,000,000. According to the information provided, the total development cost of the Property, as at the Valuation Date, was approximately RMB1,335,000,000. The allowance of the developer's profit and risk, marketing cost, contingency fee, professional fee and interest rate, were also taken into account in our valuation.

6) The general description and market information of the property are summarised as below:

Location: The Property is located in Huadong Town (花東鎮), Huadu District (花都區), Guangzhou, Guangdong Province, PRC.

Transportation: The Property is accessible via Yongxing Road (永星路), Jingang Middle Road (金港中路) and Jingu North Road (金谷北路). Four expressways, namely G15 (Beijing-HongKong-Macau Expressway), G94 (Pearl River Delta Ring Expressway), G0423 (Lechang-Guangzhou) and Airport Second Expressway are situated near the Property to the south and west, respectively.

Nature of Surrounding Area: The subject area is mixed use in nature, comprising industrial rural properties.

7) We have prepared our valuation based on the following assumptions:

- the information of the Property provided by the Company is true and correct;
- the site is free from contamination and the ground conditions are satisfactory;
- the proper ownership title of the Property has been obtained, and all payable land premiums or land use rights fees have been fully settled;
- all required approvals and certificates necessary for the development and occupation and use of the Property have been duly obtained and are in full force and effect; and
- the Property can be freely transferred, mortgaged, sublet or otherwise disposed of in the market.

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

(a) Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) (a) 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 interests and short positions which they were deemed or taken to have under such provisions of the SFO), or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in the shares, underlying shares and debentures of the Company

Director/ Supervisor	Class of shares	Personal	Number of Shares		Total number of Shares held as at the Latest Practicable Date	Approximate percentage of interests in the total share capital ^{Note}
			Spouse or child under 18	Corporate interest		
Li Sze Lim	H Share	1,066,092,672	5,000,000	16,000,000	1,087,092,672	28.97%
Zhang Li	H Share	1,022,146,272	20,000,000		1,042,146,272	27.77%
Zhang Hui	H Share	1,894,800			1,894,800	0.05%
Xiang Lijun	H Share	1,800,000			1,800,000	0.05%
Li Helen	H Share	1,003,600			1,003,600	0.03%
Ng Yau Wah, Daniel	H Share	588,000			588,000	0.02%
Chen Liangnuan	H Share	20,000,000			20,000,000	0.53%

Notes: The Company's total number of issued shares as at the Latest Practicable Date was 3,752,367,344 H Shares.

(ii) *Long positions in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO):*

Director	Name of associated corporation	Type	No. of Shares	Percentage of total issued capital
Dr. Li	Guangzhou Tianfu Property Development Co., Ltd. ("Tianfu") <i>(Note 1)</i>	Corporate	N/A	7.50%
	Beijing Fushengli Investment Consulting Co., Ltd. ("Fushengli") <i>(Note 2)</i>	Corporate	N/A	34.64%
	Easy Tactic Limited ("Easy Tactic") <i>(Note 3)</i>	Corporate	N/A	N/A
Mr. Zhang	Tianfu <i>(Note 1)</i>	Corporate	N/A	7.50%
	Fushengli <i>(Note 2)</i>	Corporate	N/A	34.64%
	Easy Tactic <i>(Note 4)</i>	Corporate	N/A	N/A
Li Helen	Easy Tactic <i>(Note 5)</i>	Corporate	N/A	N/A

Notes:

- (1) Tianfu is 15% and 85% owned by Century Land Properties Limited and the Company respectively. Century Land Properties Limited is beneficially owned by Dr. Li and Mr. Zhang as to 50% each.
- (2) Fushengli is 70% and 30% owned by Well Bright International Limited and Guangzhou Tianli Construction Co., Ltd. respectively. Guangzhou Tianli Construction Co., Ltd. is a subsidiary of the Company. Well Bright International Limited is 51% and 49% owned by Guangdong South China Environmental Protection Investment Co., Ltd. and Sparks Real Estate Holdings Limited respectively. Each of Dr. Li and Mr. Zhang owns 49% of Guangdong South China Environmental Protection Investment Co., Ltd.. Sparks Real Estate Holdings Limited is beneficially owned by Dr. Li and Mr. Zhang as to 50% each.
- (3) Dr. Li (a) through his spouse, has an interest in (i) US\$14,000,000 of the US\$375 million 8.625% senior notes due 2024 issued by Easy Tactic, a wholly-owned subsidiary of the Company; (ii) US\$10,000,000 of the US\$875 million 8.125% senior notes due 2023 issued by Easy Tactic; (iii) US\$49,500,000 of the US\$450 million 8.125% senior notes due 2024 issued by Easy Tactic; (iv) US\$50,000,000 of the US\$400 million 8.625% senior notes due 2024 issued by Easy Tactic; and (v) US\$5,000,000 of the US\$360 million 12.375% senior notes due 2022 issued by Easy Tactic; (b) through Fusion Capital Limited which is owned by him and his spouse as to 50% each, has an interest in (i) US\$1,000,000 of the US\$288 million 9.125% senior notes due 2022 issued by Easy Tactic; and (ii) US\$965,000 of the US\$608,631,000 5.75% senior notes due 2022 issued by Easy Tactic; and (c) through Parkford Assets Management Limited which is 100% owned by him, has an interest in (i) US\$1,000,000 of the US\$288 million 9.125% senior notes due 2022 issued by Easy Tactic; and (ii) US\$2,412,000 of the US\$608,631,000 5.75% senior notes due 2022 issued by Easy Tactic.

- (4) Mr. Zhang has an interest in US\$10,417,000 of the US\$608,631,000 5.75% senior notes due 2022 issued by Easy Tactic.
- (5) Ms. Li Helen, through Pleasant View Limited which is 100% owned by her, has an interest in (i) US\$500,000 of the US\$375 million 8.625% senior notes due 2024 issued by Easy Tactic; (ii) US\$1,000,000 of the US\$400 million 8.625% senior notes due 2024 issued by Easy Tactic; (iii) US\$500,000 of the US\$360 million 12.375% senior notes due 2022 issued by Easy Tactic; (iv) US\$1,500,000 of the US\$675 million 11.75% senior notes due 2023 issued by Easy Tactic; and (v) US\$500,000 of the US\$325 million 11.625% senior notes due 2024 issued by Easy Tactic.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) (a) 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 interests and short positions which they were deemed or taken to have under such provisions of the SFO), or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' interests and short positions

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, no other persons or companies (other than the Directors or chief executive of the Company) had any interests or short positions in the Shares or underlying Shares which were recorded in the register kept by the Company pursuant to section 336 of the SFO, or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, except as disclosed below, so far as the Directors were aware of, none of the Directors nor their respective close associates had any interest in any business which competed or was likely to compete, or was in conflict or was likely to be in conflict, either directly or indirectly, with the business of the Group.

Name of director	Name of entity	Description of Business	Nature of the interest of the director in the entity
Dr. Li	Fushengli	Owns partial parking spaces in Beijing	Shareholder
Mr. Zhang	Fushengli	Owns partial parking spaces in Beijing	Shareholder

4. DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors had any interest, either directly or indirectly, in any assets which had since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Company 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.

5. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors and Supervisors had any existing or proposed service contract with any member of the Group which would not expire or was not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As disclosed in the Company's announcement and circular dated 29 September 2021 and 11 November 2021 respectively, the Company and the Major Shareholders entered into an agreement in relation to the formation of one or more investment vehicles between the Major Shareholders (or their wholly-owned companies) and the Company (or its wholly-owned subsidiaries) with a total capital commitment attributable to the Company of up to RMB10.8 billion and that attributable to the Major Shareholders of up to RMB10.4 billion. Please refer to the said announcement and circular of the Company for details.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and Supervisors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the businesses of any member of the Group.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

8. EXPERT AND CONSENT

The following are the qualifications of the expert who has given opinion contained in this circular:

Name	Qualification
Beijing Colliers International Real Estate Valuation Co., Ltd.	Independent qualified valuer regulated by the Royal Institution of Chartered Surveyors (RICS)

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report and references to its name in the form and context in which they respectively appeared.

As at the Latest Practicable Date, the above expert (i) did not have any direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2020, the date to which the latest published audited consolidated financial statements of the Company was made up; and (ii) was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

9. MATERIAL CONTRACTS

Save for the Agreement, no material contracts (being contracts entered into outside the ordinary course of business carried on by the Group) have been entered into by members of the Group within the two years immediately preceding the date of this circular and up to the Latest Practicable Date.

10. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Lee Michael. Mr. Lee Michael holds a Double Degree Bachelor of Commerce (Finance & Accounting) and Bachelor of Engineering (Honours) from the University of Sydney.
- (b) The registered office of the Company is located at 45-54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC.
- (c) The principal place of business of the Company in Hong Kong is Room 6303, The Center, No. 99 Queen's Road Central, Hong Kong.
- (d) The Hong Kong H share registrar of the Company is Computershare Hong Kong Investor Services Limited, at 17M/F., Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong.

- (e) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

11. DOCUMENTS ON DISPLAY

The following documents are available on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.rfchina.com) for a period of 14 days from the date of this circular:

- (a) the Agreement;
- (b) the letter and valuation certificates from Beijing Colliers International Real Estate Valuation Co., Ltd. as set out in Appendix II to this circular; and
- (c) the written consent referred to in the section headed “8. Expert and Consent” of this Appendix III.