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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 PROVISION OF FINANCIAL ASSISTANCE

PROVISION OF GUARANTEE

On 15 March 2022 (after trading hours), Kaipeng Technology, a non-wholly owned subsidiary of the Company, entered into the KT Guarantee Agreement with the Borrower pursuant to which Kaipeng Technology agreed to provide guarantee in favour of the Borrower by means of pledging the KT Property to Shengjing Bank to facilitate the Borrower to obtain a facility of up to RMB800 million provided by Shengjing Bank. In return, Kaipeng Technology shall receive from the Borrower a guarantee fee of 1% per annum of the amount of actual drawdown by the Borrower under the Shengjing Facility.

LISTING RULE IMPLICATIONS

Beijing Wangangtong, a wholly-owned subsidiary of the Company, entered into the BW Guarantee Agreement with the Borrower on 4 August 2021, pursuant to which Beijing Wangangtong agreed to provide (a) guarantee for an amount of up to RMB300 million in favour of the Borrower by means of pledging BW Property A to Ping An Bank to facilitate the Borrower to obtain the Ping An Facility; and (b) guarantee for an amount of up to RMB216 million in favour of the Borrower by means of pledging BW Property B to Dalian Bank to facilitate the Borrower to obtain the Dalian Facility, in return for a guarantee fee.

Given that the KT Guarantee and the BW Guarantee were both entered into by the Group with the Borrower (i.e. the same party) and were all completed within a 12 month period, the KT Guarantee and the BW Guarantee are aggregated as a single transaction pursuant to Rule 14.23 of the Listing Rules. As the highest of all applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the KT Guarantee and the BW Guarantee on an aggregated basis is more than 25%, the KT Guarantee and the BW Guarantee together constitute a major transaction of the Company under the Listing Rules and are therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

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 KT Guarantee. As such, no Shareholders would be required to abstain from voting in favour of the resolution(s) approving the KT Guarantee.

The Company has obtained written Shareholders' approval for the KT Guarantee in accordance with Rule 14.44 of the Listing Rules from the Shareholder Group.

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 KT Guarantee Agreement.

A circular (for information purposes only) containing, among other things, further details of the KT Guarantee Agreement and the transactions contemplated thereunder will be despatched to the Shareholders. As it is expected that additional time will be required to prepare the relevant information to be included in the circular, the Company will apply to the Stock Exchange for an extension of time for despatch of the circular by no later than 25 April 2022.

PROVISION OF GUARANTEE

On 15 March 2022 (after trading hours), Kaipeng Technology, a non-wholly owned subsidiary of the Company, entered into the KT Guarantee Agreement with the Borrower pursuant to which Kaipeng Technology agreed to provide guarantee in favour of the Borrower by means of pledging the KT Property to Shengjing Bank to facilitate the Borrower to obtain a facility of up to RMB800 million provided by Shengjing Bank. In return, Kaipeng Technology shall receive from the Borrower a guarantee fee of 1% per annum of the amount of actual drawdown by the Borrower under the Shengjing Facility.

Principal terms of the KT Guarantee Agreement

Date: 15 March 2022

Parties: (1) Kaipeng Technology, a non-wholly owned subsidiary of the Company; and
(2) the Borrower

Subject matter: Pursuant to the terms of the KT Guarantee Agreement, Kaipeng Technology has agreed to provide guarantee for an amount of up to RMB800 million in favour of the Borrower by means of pledging the KT Property to Shengjing Bank to facilitate the Borrower to obtain a facility of up to RMB800 million from Shengjing Bank, in return for a guarantee fee.

Term: The KT Guarantee will be effective from the date of the relevant pledge agreement to be entered into between Kaipeng Technology and Shengjing Bank and will expire upon the full repayment of the Shengjing Facility.

Guarantee Fee: Kaipeng Technology shall charge the Borrower a guarantee fee of 1% per annum of the amount of actual drawdown by the Borrower under the Shengjing Facility, which is payable by the Borrower to Kaipeng Technology at the same time of the payment of interest by the Borrower to Shengjing Bank under the Shengjing Facility Agreement.

Taking into account of the maximum limit of the Shengjing Facility, the guarantee fee to be received by Kaipeng Technology from the Borrower will be up to RMB8,000,000 per year.

Such guarantee fee was determined after arm's length negotiations between Kaipeng Technology and the Borrower by reference to the market rate of guarantee fee charged by financing companies in the PRC.

On or after the date of the KT Guarantee Agreement, Kaipeng Technology will execute the necessary agreements and/or documents in favour of Shengjing Bank to implement and formalise the arrangements of the KT Guarantee in accordance with applicable PRC laws and regulations.

REASONS AND BENEFITS OF THE PROVISION OF GUARANTEE

Kaipeng Technology is the owner of the KT Property, which is part of Building No. 2 of Kingdom Guorui (國銳•金嶺) located at No. 1 Ronghua South Road, Beijing Economic Technological Development Area, Beijing, the PRC. Since the Borrower was one of the general contractors of the development of Kingdom Guorui, the Borrower and the Group had built and maintained a good working relationship since they first cooperated in the engineering, renovation, construction and office upgrade work during the development of the Building in early 2021. The Borrower has also recommended and procured a number of quality customers to enter into contracts with the Group for office rental.

As informed by the Borrower, it has applied to Shengjing Bank for the Shengjing Facility to support its daily business operations and working capital needs, and was required by Shengjing Bank to provide security. The Borrower therefore approached Kaipeng Technology to discuss if it can facilitate by pledging its properties to Shengjing Bank in favour of the Borrower in return for guarantee fee.

Taking into account the market practice of financing companies in the PRC, the Board considers that the guarantee fee at a rate of 1% per annum on actual drawdown is fair and reasonable and is in line with market rates. The guarantee fee will provide an additional income source to the Group attributable to its owned KT Property (in addition to the normal rental income of the KT Property) and is in the interest of the Company and its shareholders as a whole. The guarantee support to the Borrower will also strengthen the business relationship and allow further cooperation between the Group and the Borrower.

The Group has carried out its own due diligence and assessed the financial conditions of the Borrower. Based on the audited financial statements of the Borrower for the financial year ended 31 December 2020 provided by the Borrower, the Borrower recorded for the year ended 31 December 2020 a total revenue of approximately RMB4,666 million, net profit before and after tax of approximately RMB95 million and RMB81 million respectively, and a net asset value of approximately RMB612 million as at 31 December 2020. Based on the unaudited financial statements of the Borrower for the financial year ended 31 December 2021 provided by the Borrower, the Borrower recorded for the year ended 31 December 2021 a total revenue of approximately RMB4,809 million, net profit before and after tax of RMB168 million and RMB153 million respectively, and a net asset value of approximately RMB768 million as at 31 December 2021. Taking into account the financial conditions of the Borrower, the Directors are of the view that its financial exposure is reasonably limited.

Pursuant to the KT Guarantee Agreement, Kaipeng Technology has the right to request the Borrower to provide any information for the purpose of understanding and monitoring the compliance of the Shengjing Facility during the term of the KT Guarantee Agreement. The Group will closely monitor the financial conditions and usage of the Shengjing Facility of the Borrower in order to ensure the effective implementation of the KT Guarantee Agreement and to avoid default of the Shengjing Facility on the part of the Borrower which may lead to financial losses to the Group.

In light of the foregoing, the Directors are of the view that the terms of the KT Guarantee Agreement, which are determined after arm's length negotiations between the Group and the Borrower, are fair and reasonable, and the KT Guarantee is on normal commercial terms and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE KT PROPERTY

The KT Property comprises 129 properties owned by Kaipeng Technology with a gross floor area of approximately 46,164.24 square meters located on Levels 1, 13 to 22, 24 to 33 and 35 to 36 of the Building.

As at the date of this announcement, Kaipeng Technology is the owner of the KT Property.

The market value of the KT Property as at 31 December 2020 was RMB2,593 million according to the valuation report prepared by an independent professional valuer.

Based on the audited accounts of Kaipeng Technology for the financial year ended 31 December 2020 and the unaudited management accounts of Kaipeng Technology for the financial year ended 31 December 2021, the net profit (before taxation) of Kaipeng Technology were approximately RMB72.2 million and RMB215.9 million respectively, and the net profit (after taxation) of Kaipeng Technology were approximately RMB7.4 million and RMB73.3 million respectively.

INFORMATION OF THE GROUP AND KAIPENG TECHNOLOGY

The Group is principally engaged in property development and investments in the United Kingdom, the United States of America and the PRC, and provision of property management services in the PRC.

Kaipeng Technology is a limited liability company established in the PRC which is principally engaged in sale of properties and property investment. As at the date of this announcement, Kaipeng Technology is a non-wholly owned subsidiary of the Company.

INFORMATION OF THE BORROWER

The Borrower is a limited liability company established in the PRC which is principally engaged in comprehensive construction investment integrating municipal, highway, rail transit, housing construction, decoration, mechanical and electrical installation engineering construction, machinery rental and construction technology consulting. As an intellectually intensive, technology-intensive group company, now the Borrower has a municipal public works construction general contracting grade one qualification, highway construction general contracting grade one qualification, housing construction general contracting grade one qualification, mechanical and electrical equipment installation engineering professional contracting grade one qualification, building decoration engineering professional contracting grade qualification, bridge engineering professional contracting grade two qualification, tunnel engineering professional contracting grade two qualification, pressure pipeline installation GB1, GB2 (2) level qualification.

As at the date of this announcement, the ultimate beneficial owners of the Borrower are Wang Hongzhen (as to 51% of the entire equity interest in the Borrower) and the People's Government of Beijing Municipality (as to 49% of the entire equity interest in the Borrower).

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

INFORMATION OF SHENGJING BANK

Shengjing Bank is a financial institution established in the PRC.

LISTING RULES IMPLICATIONS

Beijing Wangangtong, a wholly-owned subsidiary of the Company, entered into the BW Guarantee Agreement with the Borrower on 4 August 2021, pursuant to which Beijing Wangangtong agreed to provide (a) guarantee for an amount of up to RMB300 million in favour of the Borrower by means of pledging BW Property A to Ping An Bank to facilitate the Borrower to obtain the Ping An Facility; and (b) guarantee for an amount of up to RMB216 million in favour of the Borrower by means of pledging BW Property B to Dalian Bank to facilitate the Borrower to obtain the Dalian Facility, in return for a guarantee fee.

For further details in relation to the BW Guarantee, please refer to the announcement of the Company dated 4 August 2021.

Given that the KT Guarantee and the BW Guarantee were both entered into by the Group with the Borrower (i.e. the same party) and were all completed within a 12 month period, the KT Guarantee and the BW Guarantee are aggregated as a single transaction pursuant to Rule 14.23 of the Listing Rules. As the highest of all applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the KT Guarantee and the BW Guarantee on an aggregated basis is more than 25%, the KT Guarantee and the BW Guarantee together constitute a major transaction of the Company under the Listing Rules and are therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

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 KT Guarantee. As such, no Shareholders would be required to abstain from voting in favour of the resolution(s) approving the KT Guarantee.

The Company has obtained written Shareholders' approval for the KT Guarantee in accordance with Rule 14.44 of the Listing Rules from the Shareholder Group. As at the date of this announcement, the Shareholder Group, being a closely allied group of Shareholders, are beneficially interested in 2,246,160,464 Shares, which represents 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 KT Guarantee Agreement.

The Shareholder Group comprises of Wintime Company Limited and Gang Rui International Investment (HK) Limited, which are interested in 44.83% and 25.37% of the Company's shareholding respectively as at the date of this announcement. Wintime Company Limited is a wholly-owned subsidiary of Winluck Global Limited, the entire issued share capital of which is beneficially owned by Mr. Wei Chunxian. 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. Therefore, Mr. Wei Chunxian is deemed to be interested in the Shares held by Wintime Company Limited and Gang Rui International Investment (HK) Limited. In view of the above, Wintime Company Limited and Gang Rui International Investment (HK) Limited are considered a closely allied group of Shareholders under Rule 14.45 of the Listing Rules.

A circular (for information purposes only) containing, among other things, further details of the KT Guarantee Agreement and the transactions contemplated thereunder will be despatched to the Shareholders. As it is expected that additional time will be required to prepare the relevant information to be included in the circular, the Company will apply to the Stock Exchange for an extension of time for despatch of the circular by no later than 25 April 2022.

DEFINITIONS

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

“Beijing Wangangtong”	Beijing Wangangtong Technology Development Co., Ltd.* (北京萬港通科技發展有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Borrower”	BCEG Road and Bridge Construction Group Co., Ltd. (北京建工路橋集團有限公司), a limited liability company established in the PRC
“Building”	Building No. 2 of Kingdom Guorui (國銳•金嶺), No. 1 Ronghua South Road, Beijing Economic and Technological Development Area, Beijing, the PRC
“BW Guarantee”	financial assistance provided by Beijing Wangangtong to the Borrower under the BW Guarantee Agreement

“BW Guarantee Agreement”	the guarantee agreement dated 4 August 2021 entered into between Beijing Wangangtong and the Borrower, pursuant to which Beijing Wangangtong agreed to provide (a) guarantee for an amount of up to RMB300 million in favour of the Borrower by means of pledging Property A to Ping An Bank to facilitate the Borrower to obtain the Ping An Facility; and (b) guarantee for an amount of up to RMB216 million in favour of the Borrower by means of pledging Property B to Dalian Bank to facilitate the Borrower to obtain the Dalian Facility
“BW Property A”	49 properties owned by Beijing Wangangtong with a gross floor area of approximately 7,619 square meters located on Levels 1 to 5 of the Building
“BW Property B”	75 properties owned by Beijing Wangangtong with a gross floor area of approximately 11,476 square meters located on Levels 6 to 12 of the Building
“Company”	GR Properties Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 108)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Dalian Bank”	Bank of Dalian Beijing Branch* (大連銀行股份有限公司北京分行), a financial institution established in the PRC
“Dalian Facility”	facility of up to RMB300 million granted by Dalian Bank to the Borrower for a term commencing from 26 July 2021 to 14 July 2023 under the Dalian Facility Agreement
“Dalian Facility Agreement”	the facility agreement dated 10 August 2021 entered into between Dalian Bank and the Borrower in respect of the grant of the Dalian Facility by Dalian Bank to the Borrower
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries

“Kaipeng Technology”	Beijing Kaipeng Technology Development Co., Ltd.* (北京凱朋科技發展有限公司), a limited liability company established in the PRC and a non-wholly owned subsidiary of the Company
“KT Guarantee”	financial assistance provided by Kaipeng Technology to the Borrower under the KT Guarantee Agreement
“KT Guarantee Agreement”	the guarantee agreement dated 15 March 2022 entered into between Kaipeng Technology and the Borrower, pursuant to which Kaipeng Technology agreed to provide guarantee in favour of the Borrower by means of pledging KT Property to Shengjing Bank to facilitate the Borrower to obtain the Shengjing Facility
“KT Property”	129 properties owned by Kaipeng Technology with a gross floor area of approximately 46,164.24 square meters located on Levels 1, 13 to 22, 24 to 33 and 35 to 36 of the Building
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Ping An Bank”	Yizhuang Sub-Branch of Beijing Branch of Ping An Bank Co., Ltd. (平安銀行股份有限公司北京分行亦莊支行), a financial institution established in the PRC
“Ping An Facility”	facility of up to RMB300 million granted by Ping An Bank to the Borrower for a term of one year commencing from 3 August 2021 to 2 August 2022 under the Ping An Facility Agreement
“Ping An Facility Agreement”	the facility agreement dated 2 August 2021 entered into between Ping An Bank and the Borrower in respect of the grant of the Ping An Facility by Ping An Bank to the Borrower
“PRC”	The People’s Republic of China
“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

“Shengjing Bank”	Beijing Branch of Shengjing Bank Co., Ltd.* (盛京銀行股份有限公司北京分行), a financial institution established in the PRC
“Shengjing Facility”	facility of up to RMB800 million granted by Shengjing Bank to the Borrower for a term of three years commencing from 21 March 2022 to 20 March 2025 under the Shengjing Facility Agreement
“Shengjing Facility Agreement”	the facility agreement dated 15 March 2022 entered into between Shengjing Bank and the Borrower in respect of the grant of the Shengjing Facility by Shengjing Bank to the Borrower
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules
“%”	per cent

By Order of the Board
GR Properties Limited
Wei Chunxian
Chairman

Hong Kong, 15 March 2022

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

* *for identification purposes only*