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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)**

**DISCLOSEABLE TRANSACTION**  
**DISPOSAL OF TARGET PROPERTIES**

**THE DISPOSAL**

The Board is pleased to announce that on 30 May 2022, the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Property Purchase Framework Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Target Properties for the Consideration of RMB1,000,939,241 (inclusive of VAT).

**LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is/are more than 5% and all of such ratios are less than 25%, the Disposal constitutes a discloseable transaction and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

**INTRODUCTION**

The Board is pleased to announce that on 30 May 2022, the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Property Purchase Framework Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Target Properties, which are located at B18 block of the new city center of Dayingshan, Haikou, Hainan province, for the Consideration of RMB1,000,939,241 (inclusive of VAT).

## THE DISPOSAL

The principal terms of the Property Purchase Framework Agreement are set out below:

<b>Asset to be disposed:</b>	<p>The Vendor agreed to sell, and the Purchaser agreed to purchase, the Target Properties.</p> <p>The Target Properties shall be transferred to the Purchaser on or before 30 June 2023 (“<b>Transfer Date</b>”).</p>
<b>Consideration and Payment:</b>	<p>The Purchaser shall pay the Vendor the Consideration of RMB1,000,939,241 (inclusive of VAT) before the Transfer Date.</p>
<b>Encumbrances:</b>	<p>The land use rights of the Target Properties and the constructions in process thereon have been mortgaged. The Vendor will seek the consent of relevant mortgagees to the sale of the Target Properties to the Purchaser prior to completion of the Property Purchase Framework Agreement.</p> <p>The Vendor confirms and undertakes that, from the date of the Property Purchase Framework Agreement up to the Transfer Date, it shall not enter into any contractual arrangement with respect to the Target Properties with any other parties, including but not limited to lease or sale/disposal of the Target Properties, and shall not further mortgage, or remortgage, the Target Properties in whole or in part.</p>

## BASIS OF DETERMINATION OF CONSIDERATION

The Consideration for the Target Properties is RMB1,000,939,241 (inclusive of VAT).

The Consideration was determined through arm’s length negotiations by both parties after considering prevailing market conditions, with reference to the valuation of the Target Properties of RMB1,145,000,000 as at 31 March 2022 as appraised by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, using the market value approach, liquidity discounting factors and the factors contained in “Reasons for and benefits of the Disposal” in this announcement.

## INFORMATION ON THE TARGET PROPERTIES

The Target Properties, which are still under development, are located at B18 block of the new city center of Dayingshan, Haikou, Haikou, Hainan province, China, comprised of business office properties with gross floor area of 25,574.81 square metres and retail properties with gross floor area of 6,415.97 square metres.

As at 31 March 2022, the unaudited book value of the Target Properties was approximately RMB616,741,043.93.

## **INFORMATION ON THE GROUP AND THE PARTIES INVOLVED IN THE TRANSACTION**

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 Vendor is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company. It principally engages in the development and management of real estate properties, marketing and sales activities and consulting services for tourism projects.

The Purchaser is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of Kinetic Development. It principally engages in the wholesale and retail of coal and products, metals and metal mines, machinery and equipment and hardware products, import of coal, warehousing, and leasing and management of its own properties. Mr. Zhang Li, an executive Director, co-chairman and chief executive officer of the Company, and a substantial shareholder of the Company, has approximately 11.22% interest in Kinetic Development as at the date of this announcement. Save as disclosed above, to the best of the Directors' knowledge, information and belief, the Purchaser and its ultimate beneficial controlling shareholders are third parties independent of the Company and connected persons of the Company.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Disposal enables the Group to realise the value in its investment in the Target Properties and reduce liabilities of the Group. The Disposal is beneficial to the Group to reduce its gearing ratio.

The Directors (including the independent non-executive Directors but excluding Mr. Zhang Li, Ms. Zhang Lin and Mr. Zheng Ercheng) are of the view that the Property Purchase Framework Agreement was entered into on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. For good corporate governance, each of Mr. Zhang Li, Ms. Zhang Lin (being an associate of Mr. Zhang Li) and Mr. Zheng Ercheng has abstained from voting on the relevant Board resolutions in relation to the Property Purchase Framework Agreement. Mr. Zheng Ercheng, an independent non-executive Director, who also holds the position of an independent non-executive director of Kinetic Development, is also considered to have a potential conflict of interest in the Disposal. Therefore, each of Mr. Zhang Li, Ms. Zhang Lin and Mr. Zheng Ercheng has abstained from voting on the relevant Board resolutions in relation to the Property Purchase Framework Agreement.

## **FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS**

Based on the unaudited financial information of the Target Properties as at 31 March 2022, it is estimated that the Company will record a gain on disposal of approximately RMB131,007,840.

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.

## **LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is/are more than 5% and all of such ratios are less than 25%, the Disposal constitutes a discloseable transaction and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Board”	the board of Directors of the Company;
“Company”	Guangzhou R&F Properties Co., Ltd.* (廣州富力地產股份有限公司), a joint stock company incorporated in the PRC with limited liability and the H Shares of which are listed on the main board of the Stock Exchange (stock code: 2777);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the consideration of RMB1,000,939,241 (inclusive of VAT) payable to the Vendor pursuant to the Property Purchase Framework Agreement;
“Disposal”	the proposed disposal of the Target Properties by the Vendor to the Purchaser pursuant to the terms of the Property Purchase Framework Agreement;
“Directors”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Kinetic Development”	Kinetic Development Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1277);
“PRC”	The People's Republic of China;

“Property Purchase Framework Agreement”	the framework agreement on sale and purchase of the Target Properties entered into between the Vendor and the Purchaser on 30 May 2022;
“Purchaser”	Kinetic (Qinhuangdao) Energy Co., Ltd.* (力量(秦皇島)能源有限公司), a company established in the PRC with limited liability on 4 August 2011 and an indirect wholly-owned subsidiary of Kinetic Development;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) with a nominal value of RMB1 each in the share capital of the Company;
“Shareholder(s)”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Properties”	A selection of properties in buildings No.1 and No.2 of the R&F Shoufu Building Lot B18, which are situated at B18 block of the new city center of Dayingshan, Haikou, Hainan Province, the details of which are set out in the “Information on the Target Properties” section;
“VAT”	Value added tax;
“Vendor”	Hainan Hangxiao Real Estate Development Co., Ltd.* (海南航孝房地產開發有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company; and
“%”	per cent.

\* *The English translation of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

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

Hong Kong, 30 May 2022

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

\* *For identification purposes only*