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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)

CONTINUING CONNECTED TRANSACTIONS

(I) THE NEW HEAT SUPPLY SERVICES AGREEMENTS;

(II) THE NEW PROPERTY MANAGEMENT AGREEMENTS; AND

(III) THE KINGDOM GUORUI SALES OFFICE MANAGEMENT AGREEMENT

CONTINUING CONNECTED TRANSACTIONS

References are made to the announcements of the Company dated 20 January 2015, 17 April 2015 and 28 May 2015, and the circular of the Company dated 27 March 2015 in relation to, inter alia, the Acquisition. References are also made to the announcement of the Company dated 17 April 2015 in relation to the continuing connected transactions under the Car Park Management Agreements, the Heat Supply Services Agreements and the Property Management Agreements pursuant to Rule 14A.60(1) of the Listing Rules having been entered into between AOCEAN Property Management and the members of Beijing Guorui Group prior to the Completion.

Upon Completion, AOCEAN Business Management (which is the immediate holding company of AOCEAN Property Management) has become a wholly-owned subsidiary of the Company and the transactions under the Car Park Management Agreements, the Heat Supply Services Agreements and the Property Management Agreements having been entered into between AOCEAN Property Management and the members of Beijing Guorui Group (each being a connected person of the Company by virtue of Mr. Wei being a director and the controlling shareholder of Beijing Guorui Property holding approximately 89.6% equity interest (the remaining equity interest of approximately 10.4% being held by Mr. Sun) and each of Mr. Sun and Ms. Liu being a director of Beijing Guorui Property) prior to the Completion have become continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules.

Since the terms of the Heat Supply Services Agreements have ended on 15 September 2015, the Company has entered into the New Heat Supply Services Agreements with each of Beijing Guorui Property and Beijing Guolong on 27 November 2015,

respectively. On the same day, the Company has renewed the Property Management Agreements by entering into the New Property Management Agreements with each of Beijing Guorui Property and Beijing Guolong, respectively, and has also entered into the Kingdom Guorui Sales Office Management Agreement with Beijing Guorui Property.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules for the annual caps for each of the New Heat Supply Services Agreements, the New Property Management Agreements and the Kingdom Guorui Sales Office Management Agreement, respectively, exceed 25%, the transactions contemplated thereunder constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements. The Company will seek the Independent Shareholders' approval of the transactions contemplated under the New Heat Supply Services Agreements, the New Property Management Agreements and the Kingdom Guorui Sales Office Management Agreement, and the annual caps thereof at the General Meeting by way of poll whereby Wintime, Mr. Sun and their respective associates shall abstain from voting.

The Independent Board Committee has been established to advise the Independent Shareholders on the transactions contemplated under the New Heat Supply Services Agreements, the New Property Management Agreements and the Kingdom Guorui Sales Office Management Agreement, and the annual caps thereof. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

A circular containing, inter alia, (i) details of the New Heat Supply Services Agreements, the New Property Management Agreements and the Kingdom Guorui Sales Office Management Agreement; (ii) the letter of recommendation from the Independent Board Committee; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the General Meeting, will be despatched to the Shareholders on or before 18 December 2015 in accordance with the Listing Rules.

INTRODUCTION

References are made to the announcements of the Company dated 20 January 2015, 17 April 2015 and 28 May 2015, and the circular of the Company dated 27 March 2015 in relation to, inter alia, the Acquisition. References are also made to the announcement of the Company dated 17 April 2015 in relation to the continuing connected transactions under the Car Park Management Agreements, the Heat Supply Services Agreements and the Property Management Agreements pursuant to Rule 14A.60(1) of the Listing Rules having been entered into between AOCEAN Property Management and the members of Beijing Guorui Group prior to the Completion.

Upon Completion, AOCEAN Business Management (which is the immediate holding company of AOCEAN Property Management) has become a wholly-owned subsidiary of the Company and the transactions under the Car Park Management Agreements, the Heat Supply Services Agreements and the Property Management Agreements having been entered into between AOCEAN Property Management and the members of Beijing Guorui Group (each being a connected person of the Company by virtue of Mr. Wei being a director and the controlling shareholder of Beijing Guorui Property holding approximately 89.6% equity interest (the remaining equity interest of approximately 10.4% being held by Mr. Sun) and each of Mr. Sun and Ms. Liu being a director of Beijing Guorui Property) prior to the Completion have become continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.60(1) of the Listing Rules, the Company is required to comply with the applicable reporting and disclosure requirements under Chapter 14A of the Listing Rules regarding the aforesaid continuing connected transactions and shall comply in full with all applicable reporting, disclosure and, if applicable, Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the aforesaid agreements to the extent applicable.

Since the terms of the Heat Supply Services Agreements have ended on 15 September 2015, the Company has entered into the New Heat Supply Services Agreements with each of Beijing Guorui Property and Beijing Guolong on 27 November 2015, respectively. On the same day, the Company has renewed the Property Management Agreements by entering into the New Property Management Agreements with each of Beijing Guorui Property and Beijing Guolong, respectively, and has also entered into the Kingdom Guorui Sales Office Management Agreement with Beijing Guorui Property.

TERMS OF THE NEW HEAT SUPPLY SERVICES AGREEMENTS

AOCEAN Property Management currently provides heat supply and maintenance services to a total of approximately 8,700 property units of Beijing Guorui Property and Beijing Guolong with a total floor area of approximately 789,000 square metres. The heat supply provided under the Heat Supply Services Agreements is sourced from independent third parties by AOCEAN Property Management and will continue to be sourced from independent third parties by AOCEAN Property Management under the New Heat Supply Services Agreement. The salient terms of the New Heat Supply Services Agreements are summarised as follows:

(1) Beijing Guorui Property Heat Supply Services Agreement

- Date : 27 November 2015
- Term : From 15 September 2015 to 14 September 2018 (both days inclusive)
- Parties : (1) AOCEAN Property Management
(2) Beijing Guorui Property
- Nature of Transactions : AOCEAN Property Management’s responsibilities include (i) overlooking the daily operation and provision of repair and maintenance services of the heat exchange station and facilities and the pipeline network located in the property projects developed by Beijing Guorui Property, namely Fortune Street Phase One* (財滿街一期), Fortune Street Phase Two* (財滿街二期) and Rui City International Building* (銳城國際大廈) in Chaoyang District, Beijing, and Kingdom Guorui* (國銳•金嶺) in Daxing District, Beijing; and (ii) ensuring that the heat supplied complies with governmental guidelines and standards, etc.

AOCEAN Property Management charges the individual owners/tenants of the property units directly for those units which are occupied. Beijing Guorui Property will be responsible for the fees of the vacant units within the aforesaid property projects
- Fees : Residential properties: RMB30 per square meter per heat supply season, payable on annual basis

Commercial properties: RMB47 per square meter per heat supply season, payable on annual basis

Annual Caps

The table below summarises the actual transaction amounts, being the fees payable by Beijing Guorui Property to AOCEAN Property Management in respect of the heat supply services provided by AOCEAN Property Management for vacant property units for the three years ended 15 September 2015 and the period from 16 September 2015 to 31 October 2015.

	The period from 16 September 2012 to 15 September 2013 (RMB)	The period from 16 September 2013 to 15 September 2014 (RMB)	The period from 16 September 2014 to 15 September 2015 (RMB)	The period from 16 September 2015 to 31 October 2015 (RMB)
Actual transaction amounts	276,000	181,000	145,000	Nil ^(Note)

Note: The fees under the Beijing Guorui Property Heat Supply Services Agreement are charged on annual basis.

The Company estimates that the transaction amounts for the continuing connected transactions contemplated under the Beijing Guorui Property Heat Supply Services Agreement for the three years ending 15 September 2018 will not exceed RMB1,466,000, RMB2,291,000 and RMB4,258,000, respectively, and such amounts have accordingly been set as the proposed annual caps for the Beijing Guorui Property Heat Supply Services Agreement for the three years ending 15 September 2018, respectively.

The proposed annual caps have been determined by the Company after taking into account of (i) the historical actual transaction amounts, being the fees paid by Beijing Guorui Property to AOCEAN Property Management in respect of the heat supply services provided by AOCEAN Property Management for vacant property units for the three years ended 15 September 2015; (ii) the estimated number of vacant units of the relevant property projects during the three years ending 15 September 2018 having taken into account the estimated completion of the construction of new property units of Kingdom Guorui* (國銳•金嶺) with a total floor area of approximately 286,000 square metres during the corresponding periods based on the current construction plan and information available as at the date of this announcement; and (iii) the fees chargeable per square meter per heat supply season during such period as stipulated under the Beijing Guorui Property Heat Supply Services Agreement.

(2) Beijing Guolong Heat Supply Services Agreement

Date : 27 November 2015

Term : From 15 September 2015 to 14 September 2018 (both days inclusive)

Parties : (1) AOCEAN Property Management
(2) Beijing Guolong

Nature of Transactions : AOCEAN Property Management’s responsibilities include (i) overlooking the daily operation and provision of repair and maintenance services of the heat exchange station and facilities and the pipeline network located in the property project developed by Beijing Guolong, namely North Garden* (北花園) at Gaobeidian, Chaoyang District, Beijing; and (ii) ensuring that the heat supplied complies with governmental guidelines and standards, etc.

AOCEAN Property Management charges the individual owners/tenants of the property units directly for those units which are occupied. Beijing Guolong will be responsible for the fees of the vacant units within the aforesaid property project

Fees : Residential properties: RMB30 per square meter per heat supply season, payable on annual basis

Annual Caps

The table below summarises the actual transaction amounts, being the fees payable by Beijing Guolong to AOCEAN Property Management in respect of the heat supply services provided by AOCEAN Property Management for vacant property units for the three years ended 15 September 2015 and the period from 16 September 2015 to 31 October 2015.

	The period from 16 September 2012 to 15 September 2013 (RMB)	The period from 16 September 2013 to 15 September 2014 (RMB)	The period from 16 September 2014 to 15 September 2015 (RMB)	The period from 16 September 2015 to 31 October 2015 (RMB)
Actual transaction amounts	774,000	1,780,000	2,790,000	Nil ^(Note)

Note: The fees under the Beijing Guolong Heat Supply Services Agreement are charged on annual basis.

The Company estimates that the transaction amounts for the continuing connected transactions contemplated under the Beijing Guolong Heat Supply Services Agreement for the three years ending 15 September 2018 will not exceed RMB3,351,000, RMB3,159,000 and RMB3,217,000, respectively, and such amounts have accordingly been set as the proposed annual caps for the Beijing Guolong Heat Supply Services Agreement for the three years ending 15 September 2018, respectively.

The proposed annual caps have been determined by the Company after taking into account of (i) the historical actual transaction amounts, being the fees paid by Beijing Guolong to AOCEAN Property Management in respect of the heat supply services provided by AOCEAN Property Management for vacant property units for the three years ended 15 September 2015; (ii) the estimated number of vacant units of the relevant property project during the three years ending 15 September 2018 having taken into account the estimated completion of the construction of new property units of North Garden* (北花園) with a total floor area of approximately 190,000 square metres during the corresponding periods based on the current construction plan and information available as at the date of this announcement; and (iii) the fees chargeable per square meter per heat supply season during such period as stipulated under the Beijing Guolong Heat Supply Services Agreement.

The Directors confirm that the terms under the New Heat Supply Services Agreements have been agreed based on arm's length negotiations between AOCEAN Property Management and Beijing Guorui Group, and have been entered into by AOCEAN Property Management in its ordinary and usual course of business and either (i) on normal commercial terms or better, or (ii) on terms no less favourable to AOCEAN Property Management than those available to or from independent third parties.

Pricing and Payment Terms

AOCEAN Property Management charges heat supply services fees in accordance with the prevailing heat supply prices as stipulated by the relevant regulatory authorities of the Beijing municipal government.

On 31 March 2015, the Beijing Municipal Commission of Development and Reform released the Notice Regarding the Adjustment of the Heat Supply Price for Non-Residential Purpose in the City (Jing Fa Gai [2015] No. 661) (《關於調整本市非居民供熱價格的通知(京發改〔2015〕661號)》), pursuant to which the heat supply price for non-residential purpose in Beijing was uniformly adjusted to RMB47 per square metre for every heat supply season. The fees in respect of commercial property are implemented in accordance with the aforesaid standard non-residential heat supply price.

On 17 October 2001, the Beijing Municipal Price Bureau issued the Notice Regarding the Adjustment of Residential-use Heat Supply Price and Ex-Factory Price of Heat from Thermal Power Plants for the City (Jing Jia (Shang) Zi [2001] No. 372) (《關於調整我市民用供熱價格和熱電廠熱力出廠價格的通知(京價(商)字〔2001〕372號)》), in which it was stipulated that the heat supply price for residential purpose in Beijing shall be adjusted to RMB30 per square metre for every heat supply season. Such heat supply government regulated prices have remained unchanged since its implementation.

The Directors are of the opinion that AOCEAN Property Management strictly complies with the heat supply government regulated prices of the regulatory authorities for the purpose of charging heat supply fees under the New Heat Supply Services Agreements.

The Company has taken the following measures for monitoring the pricing and terms of the transactions contemplated under the New Heat Supply Services Agreements and for ensuring that the transactions conducted under such agreements are entered into based on normal commercial terms:

- (1) continuously monitoring and checking the government regulated heat supply prices, in order to ensure that the price paid by property owners remains consistent with the government regulated prices; and
- (2) complying with the Company's internal control measures in relation to connected transactions, in order to ensure that the heat supply prices charged by AOCEAN Property Management and the relevant terms of the New Heat Supply Services Agreements are compliant with the government regulated prices. AOCEAN Property Management will strictly implement the latest heat supply prices in accordance with the government regulated prices.

TERMS OF THE NEW PROPERTY MANAGEMENT AGREEMENTS

Each of Beijing Guorui Property and Beijing Guolong has renewed its property management agreement with AOCEAN Property Management for management of the vacant units within its residential and commercial property projects by entering into the following agreements, the salient terms of which are summarised as follows:

(1) Beijing Guorui Property Management Agreement

- Date : 27 November 2015
- Original Term : 1 January 2015 to 31 December 2015
- New Term : 1 January 2016 to 31 December 2018 (both days inclusive)
- Parties : AOCEAN Property Management
: Beijing Guorui Property
- Premises : Fortune Street Phase One* (財滿街一期), Fortune Street Phase Two* (財滿街二期), Rui City International Building* (銳城國際大廈), and GOLDEN TOWER* (金長安大廈) in Chaoyang District, Beijing, and Kingdom Guorui* (國銳•金嶺) at Daxing District, Beijing
- Nature of Transactions : AOCEAN Property Management is responsible for (i) safekeeping of the keys of the vacant units; (ii) carrying out monthly inspections of the vacant units and keeping records accordingly; (iii) carrying out monthly cleaning of the vacant units; and (iv) inspecting the vacant units during bad weather conditions, etc.
- Fees : The management fee ranges from RMB2.25 to RMB9.4 per square meter per month for different types of commercial and residential property units, payable on quarterly basis

Annual Caps

The table below summarises the actual transaction amounts, being the fees paid by Beijing Guorui Property to AOCEAN Property Management in respect of the property management services for vacant property units provided by AOCEAN Property Management for the two years ended 31 December 2014 and the ten months ended 31 October 2015.

	Year ended 31 December 2013 (RMB)	Year ended 31 December 2014 (RMB)	Ten months ended 31 October 2015 (RMB)
Actual transaction amounts	934,000	256,000	1,241,000

The Company estimates that the transaction amounts for the continuing connected transactions contemplated under the Beijing Guorui Property Management Agreement for the three years ending 31 December 2018 will not exceed RMB4,481,000, RMB6,858,000 and RMB7,497,000, respectively, and such amounts have accordingly been set as the proposed annual caps for the Beijing Guorui Property Management Agreement for the three years ending 31 December 2018, respectively.

The proposed annual caps have been determined by the Company after taking into account of (i) the historical actual transaction amounts, being the fees paid by Beijing Guorui Property to AOCEAN Property Management in respect of the property management services for vacant property units provided by AOCEAN Property Management for the two years ended 31 December 2014 and the ten months ended 31 October 2015; (ii) the estimated number of vacant units of the relevant property projects during the three years ending 31 December 2018 having taken into account the estimated completion of the construction of new property units of Kingdom Guorui* (國銳 • 金嶺) with a total floor area of approximately 286,000 square metres during the corresponding periods based on the current construction plan and information available as at the date of this announcement; and (iii) the fees chargeable per square meter per month during such period as stipulated under the Beijing Guorui Property Management Agreement.

(2) Beijing Guolong Property Management Agreement

Date : 27 November 2015

Original Term : 1 January 2015 to 31 December 2015

New Term : 1 January 2016 to 31 December 2018 (both days inclusive)

Parties : AOCEAN Property Management

: Beijing Guolong

Premises : North Garden*(北花園) at Gaobeidian, Chaoyang District, Beijing

Nature of Transactions : AOCEAN Property Management is responsible for (i) safekeeping of the keys of the vacant units; (ii) carrying out monthly inspections of the vacant units and keeping records accordingly; (iii) carrying out monthly cleaning of the vacant units; and (iv) inspecting the vacant units during bad weather conditions, etc.

Fees : RMB2.25 per square meter per month, payable on quarterly basis

Annual Caps

The table below summarises the actual transaction amounts, being the fees paid by Beijing Guolong to AOCEAN Property Management in respect of the property management services for vacant property units provided by AOCEAN Property Management for the two years ended 31 December 2014 and the ten months ended 31 October 2015.

	Year ended 31 December 2013 (RMB)	Year ended 31 December 2014 (RMB)	Ten months ended 31 October 2015 (RMB)
Actual transaction amounts	2,169,000	4,645,000	1,863,000

The Company estimates that the transaction amounts for the continuing connected transactions contemplated under the Beijing Guolong Property Management Agreement for the three years ending 31 December 2018 will not exceed RMB3,003,000, RMB2,642,000 and RMB2,907,000, respectively, and such amounts have accordingly been set as the proposed annual caps for the Beijing Guolong Property Management Agreement for the three years ending 31 December 2018, respectively.

The proposed annual caps have been determined by the Company after taking into account of (i) the historical actual transaction amounts, being the fees paid by Beijing Guolong to AOCEAN Property Management in respect of the property management services for vacant property units provided by AOCEAN Property Management for the two years ended 31 December 2014 and the ten months ended 31 October 2015; (ii) the estimated number of vacant units of the relevant property projects during the three years ending 31 December 2018 having taken into account the estimated completion of the construction of new property units of North Garden* (北花園) with a total floor area of approximately 190,000 square metres during the corresponding periods based on the current construction plan and information available as at the date of this announcement; and (iii) the fees chargeable per square meter per month during such period as stipulated under the Beijing Guolong Property Management Agreement.

The Directors confirm that the terms under the New Property Management Agreements have been agreed based on arm's length negotiations between AOCEAN Property Management and Beijing Guorui Group, and have been entered into by AOCEAN Property Management in its ordinary and usual course of business and either (i) on normal commercial terms or better, or (ii) on terms no less favourable to AOCEAN Property Management than those available to or from independent third parties.

Pricing and Payment Terms

AOCEAN Property Management charges property management fees in accordance with the applicable laws and regulations of the relevant government authorities, the details of which are set out below.

As stipulated in Article 5 of the Measures on the Administration of Property Service Charges in Beijing (《北京市物業服務收費管理辦法》) (the “**Measures**”) issued by Beijing Municipal Commission of Development and Reform in 2005, either the market-adjusted price or government regulated price shall apply to property service charges in Beijing. In respect of those property service charges to which the market-adjusted price applies, the charge rates shall be stipulated in a property service contract to be entered into by the landlord and the property management enterprise. In respect of those property service charges to which the government regulated prices apply, the basic charge rates and range of adjustments shall be formulated by the competent municipal price authorities together with the competent property administrative authorities.

Pursuant to Article 6 of the Measures, the types of property adopting the government regulated price shall include economically affordable housing communities, and communities in which unsafe buildings are rebuilt into replacement housing. The property units under the management of AOCEAN Property Management fall into the category of either general residential property or commercial property, for which the market-adjusted price shall be implemented instead of the government regulated price. In other words, AOCEAN Property Management is entitled to independently negotiate and fix the charge rates with the landlord in accordance with the prevailing market price levels and charging practices in the industry.

In accordance with the Measures, AOCEAN Property Management collects property management fees based on the market-adjusted price approach under the New Property Management Agreements. The charge rates and fee calculation methods have been specifically stipulated in the said agreements. Based on the aforesaid, the Directors are of the opinion that AOCEAN Property Management strictly complies with the Measures in respect of the charges and fees under the New Property Management Agreements.

The Company has taken the following measures for monitoring the pricing and terms of the transactions contemplated under New Property Management Agreements and for ensuring that the transactions conducted under such agreements are entered into based on normal commercial terms:

- (1) continuously monitoring and checking the relevant laws and regulations on property management prices, in order to ensure that the price paid by property owners remains consistent with the requirements pursuant to the relevant laws and regulations; and
- (2) complying with the Company’s relevant internal control measures in relation to connected transactions, in order to ensure that the property management prices charged by AOCEAN Property Management and the relevant terms are no less favourable to the Company than those available to or from independent third parties.

TERMS OF THE KINGDOM GUORUI SALES OFFICE MANAGEMENT AGREEMENT

Date	:	27 November 2015
Term	:	8 October 2015 to 7 October 2018
Parties	:	AOCEAN Property Management
	:	Beijing Guorui Property
Premises	:	Kingdom Guorui* (國銳•金嶺) – sales office and ancillary areas at Beijing Economic and Technological Development Area, Daxing District, Beijing
Nature of Transactions	:	AOCEAN Property Management is responsible for (i) welcoming and arranging customers to visit the show flats; (ii) coordinating services related to sales activities; (iii) the security, hygiene and concierge services of the property; (iv) the daily operation, management and maintenance of the common parts including the restaurants, bars and other amenities facilities and common facilities; (v) maintenance of the hygiene and security of the common parts of the property; (vi) refuse collection and disposal; (vii) maintenance and management of the greenery of the property, and so on.

- Fees : Beijing Guorui Property shall bear the following expenses, disbursements, costs and fees, which are paid by AOCEAN Property Management in advance and settled between the parties quarterly:
- the expenses incurred in the course of providing services to the property, including all supplies, materials and labour costs;
 - disbursements including the costs incurred for external wall cleaning, floor brightening, maintenance of the exterior greenery as well as power charges and replacement costs of facilities;
 - the costs of acquiring the fixed assets, equipment and facilities necessary for the additional services if Beijing Guorui Property requests AOCEAN Property Management to provide additional services or themed activities related to sales; and
 - the relevant taxation and profit margin of 10% over the actual costs and expenses incurred in the course of managing the property.

Annual Caps

Kingdom Guorui* (國銳•金嶺) is a large-scale property development project with leading sales prices oriented towards high-end purchasers located in the Economic and Technological Development Area, Daxing District, Beijing, which is a prime area of Beijing, the PRC. In line with the sales strategies for large-scale and high-end property projects in Beijing, potential purchasers or visitors to Kingdom Guorui* (國銳•金嶺) are expected to experience high-quality and pleasant services provided by AOCEAN Property Management both within the sales office and its ancillary areas, which include showrooms, restaurants and bars and various amenities facilities, etc. To maintain the required level of quality of services, a sufficient array of servicing staff members, including approximately 50 for cleanliness, 30 for security, and 50 for customer services is required. In light of the aforesaid, the annual expenditure in respect of the management of the Kingdom Guorui sales office and its ancillary areas is constituted by two main components, namely staff costs at approximately RMB6,708,000, and expenditure for other service items and actual expenditures at approximately RMB4,244,000 per year.

The proposed annual caps are determined by the Company after taking into account of (i) the scale of Kingdom Guorui sales office and its ancillary areas, (ii) the estimated actual costs and expenses to be incurred by AOCEAN Property Management in managing and operating the Kingdom Guorui sales office and its ancillary areas; and (iii) the relevant taxation and the 10% profit margin entitled by AOCEAN Property Management as stipulated under the Kingdom Guorui Sales Office Management Agreement. Based on the abovementioned, the Company estimates that the transaction amounts for the continuing connected transactions contemplated under the Kingdom Guorui Sales Office Management Agreement for the three years ending 7 October 2018 will not exceed RMB12,048,000, RMB13,253,000 and RMB14,578,000, respectively, and such amounts have accordingly been set as the proposed annual caps for the Kingdom Guorui Sales Office Management Agreement for the three years ending 7 October 2018, respectively.

The Directors confirm that the terms under the Kingdom Guorui Sales Office Management Agreement have been agreed based on arm's length negotiations between AOCEAN Property Management and Beijing Guorui Group, and have been entered into by AOCEAN Property Management in its ordinary and usual course of business and either (i) on normal commercial terms or better, or (ii) on terms no less favourable to AOCEAN Property Management than those available to or from independent third parties.

Pricing and Payment Terms

As stated above, AOCEAN Property Management charges property management fees in accordance with the applicable laws and regulations of the relevant government authorities.

As stipulated in Article 5 of the Measures, either the market-adjusted price or government regulated price shall apply to the property service charges in Beijing. In respect of those property service charges to which the market-adjusted price applies, the charge rates shall be stipulated in a property service contract to be entered into by the landlord and the property management enterprise. In respect of those property service charges to which the government regulated prices apply, the basic charge rates and range of adjustments shall be formulated by the competent municipal price authorities together with the competent property administrative authorities.

Pursuant to Article 6 of the Measures, the sales office and its ancillary areas of Kingdom Guorui (國銳•金嶺) under the management of AOCEAN Property Management fall into the category of commercial property, for which the market-adjusted price shall be implemented instead of the government regulated price. In other words, AOCEAN Property Management is entitled to independently negotiate and fix the charge rates with the landlord in accordance with the prevailing market price levels and charging practices in the industry.

In accordance with the Measures, AOCEAN Property Management collects property management fees based on the market-adjusted price approach under the Kingdom Guorui Sales Office Management Agreement. The charge rates and fee calculation methods have been specifically stipulated in the said agreement. Based on the aforesaid, the Directors are of the opinion that AOCEAN Property Management strictly complies with the Measures in respect of the charges and fees under the Kingdom Guorui Sales Office Management Agreement.

The Company has taken the following measures for monitoring the pricing and terms of the transactions contemplated under Kingdom Guorui Sales Office Management Agreement and for ensuring that the transactions conducted under such agreement are entered into based on normal commercial terms:

- (1) continuously monitoring and checking the relevant laws and regulations on property management prices, in order to ensure that the price paid by the property owner remains consistent with the requirements pursuant to the relevant laws and regulations; and
- (2) complying with the Company's relevant internal control measures in relation to connected transactions, in order to ensure that the property management prices charged by AOCEAN Property Management and the relevant terms are no less favourable to the Company than those available to or from independent third parties.

REASONS FOR ENTERING INTO THE NEW HEAT SUPPLY SERVICES AGREEMENTS, THE NEW PROPERTY MANAGEMENT AGREEMENTS AND THE KINGDOM GUORUI SALES OFFICE MANAGEMENT AGREEMENT

Following Completion, the Company has expanded into the property management business in the PRC leveraging on AOCEAN Business Management's and AOCEAN Property Management's experience and operations in the property management business. As at the date of this announcement, the Group is principally engaged in property management, hotel management, property investment and property development. The property management, hotel management and property investment segments are located in the PRC, the property development segment is located in the United States of America.

Beijing Guorui Group is principally engaged in the development of residential, commercial/residential and commercial complex property projects in Beijing.

AOCEAN Business Management and AOCEAN Property Management have been providing property management services to some of the residential and residential/commercial property projects developed by Beijing Guorui Group since 2004. Throughout the years, AOCEAN Business Management and AOCEAN Property Management have been selected, through tender process, by Beijing Guorui Group for the management of a number of property projects developed by Beijing Guorui Group and a strong business relationship has been developed between the two. As at the date

of this announcement, the Company managed seven major property projects through AOCEAN Property Management, all of which were property projects developed by Beijing Guorui Group.

In light of the amicable business relationship between AOCEAN Business Management and AOCEAN Property Management and Beijing Guorui Group, the Directors (excluding the independent non-executive Directors whose view is subject to the advice from the Independent Financial Adviser) consider it beneficial to the Group to continue to conduct the continuing connected transactions contemplated under the New Heat Supply Services Agreements for each of the three years ending 15 September 2018, the New Property Management Agreements for each of the three years ending 31 December 2018, as well as the Kingdom Guorui Sales Office Management Agreement for each of the three years ending 7 October 2018 given that they are in line with the Group's strategies to expand into the property management business in the PRC, and are able to continue to generate stable revenue and income to the Group.

LISTING RULES IMPLICATIONS

Upon Completion, AOCEAN Business Management (which is the immediate holding company of AOCEAN Property Management) has become a wholly-owned subsidiary of the Company.

As at the date of this announcement, Wintime is the Controlling Shareholder of the Company holding 360,288,031 Shares, representing 68.25% of the issued share capital of the Company, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Wintime is a wholly-owned subsidiary of Winluck Global Limited, the entire issued share capital of which is beneficially owned by Mr. Wei. Therefore, Mr. Wei is deemed to be interested in the 360,288,031 Shares held by Wintime, representing 68.25% of the issued share capital of the Company as at the date of this announcement.

As at the date of this announcement, Mr. Wei is a director and the controlling shareholder of Beijing Guorui Property holding approximately 89.6% equity interest (the remaining equity interest of approximately 10.4% being held by Mr. Sun) and each of Mr. Sun and Ms. Liu is a director of Beijing Guorui Property. As such, each of the members of the Beijing Guorui Group, including Beijing Guorui Property and Beijing Guolong is a connected person of the Company. The transactions contemplated under the New Heat Supply Services Agreements, the New Property Management Agreements and the Kingdom Guorui Sales Office Management Agreement would therefore constitute continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules for the annual caps for each of the New Heat Supply Services Agreements, the New Property Management Agreements and the Kingdom Guorui Sales Office Management Agreement, respectively, exceed 25%, the transactions contemplated thereunder constitute non-exempt continuing connected transactions

for the Company under Chapter 14A of the Listing Rules and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements. The Company will seek the Independent Shareholders' approval of the transactions contemplated under the New Heat Supply Services Agreements, the New Property Management Agreements and the Kingdom Guorui Sales Office Management Agreement, and the annual caps thereof at the General Meeting by way of poll whereby Wintime, Mr. Sun and their respective associates shall abstain from voting.

The Independent Board Committee has been established to advise the Independent Shareholders on the transactions contemplated under the New Heat Supply Services Agreements, the New Property Management Agreements and the Kingdom Guorui Sales Office Management Agreement and the annual caps thereof. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

A circular containing, inter alia, (i) details of the New Heat Supply Services Agreements, the New Property Management Agreements and the Kingdom Guorui Sales Office Management Agreement; (ii) the letter of recommendation from the Independent Board Committee; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the General Meeting, will be despatched to the Shareholders on or before 18 December 2015 in accordance with the Listing Rules.

DEFINITIONS

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

“Acquisition”	the conditional acquisition of the entire equity interest of AOCEAN Business Management by Rui Cheng Investment Company Limited (銳誠投資有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, from AOCEAN Holdings, which was completed on 28 May 2015
“AOCEAN Business Management”	北京澳西商業管理有限公司 (AOCEAN Business Management Company Limited*), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company, which was a wholly-owned subsidiary of AOCEAN Holdings prior to the Completion

“AOCEAN Holdings”	北京澳西控股有限公司 (Beijing AOCEAN Holdings Company Limited*), a company established under the laws of the PRC with limited liability
“AOCEAN Property Management”	北京澳西物業管理有限公司 (Beijing AOCEAN Property Management Company Limited*), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of AOCEAN Business Management
“associate”	has the meaning ascribed to it under the Listing Rules
“Beijing Guolong”	北京國隆置業有限公司 (Beijing Guolong Property Company Limited*), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Beijing Guorui Property
“Beijing Guolong Heat Supply Services Agreement”	the agreement dated 27 November 2015 entered into between AOCEAN Property Management and Beijing Guolong under which AOCEAN Property Management shall provide heat supply and maintenance services of heat exchange stations and facilities and pipeline networks to the vacant units of the residential property project of Beijing Guolong
“Beijing Guolong Property Management Agreement”	the agreement dated 27 November 2015 entered into between AOCEAN Property Management and Beijing Guolong under which AOCEAN Property Management shall provide property management services to the vacant units of the residential property project of Beijing Guolong
“Beijing Guorui Group”	Beijing Guorui Property and its wholly-owned subsidiaries, including, inter alia, Beijing Guolong
“Beijing Guorui Property”	北京國銳房地產開發有限公司 (Beijing Guorui Property Development Company Limited*), a company established under the laws of the PRC with limited liability, of which Mr. Wei is a director and the controlling shareholder holding approximately 89.6% equity interest (the remaining equity interest of approximately 10.4% being held by Mr. Sun) and of which each of Mr. Sun and Ms. Liu is a director

“Beijing Guorui Property Heat Supply Services Agreement”	the agreement dated 27 November 2015 entered into between AOCEAN Property Management and Beijing Guorui Property under which AOCEAN Property Management shall provide heat supply and maintenance services of heat exchange stations and facilities and pipeline networks to the vacant units of certain residential and commercial property projects of Beijing Guorui Property
“Beijing Guorui Property Management Agreement”	the agreement dated 27 November 2015 entered into between AOCEAN Property Management and Beijing Guorui Property under which AOCEAN Property Management shall provide property management services to the vacant units of certain residential and commercial property projects of Beijing Guorui Property
“Car Park Management Agreements”	agreements entered into between AOCEAN Property Management and members of Beijing Guorui Group under which AOCEAN Property Management shall provide management services for car parks of certain residential and commercial property projects of the members of Beijing Guorui Group
“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)
“Completion”	the completion of the Acquisition
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“General Meeting”	the general meeting to be convened by the Company for the Independent Shareholders to consider and approve, if thought fit, the New Heat Supply Services Agreements, the New Property Management Agreements and the Kingdom Guorui Sales Office Management Agreement, and the transactions contemplated thereunder and the annual caps thereof

“Group”	the Company and its subsidiaries
“Heat Supply Services Agreements”	agreements entered into between AOCEAN Property Management and Beijing Guorui Property and Beijing Guolong, respectively, under which AOCEAN Property Management shall provide heat supply and maintenance services of heat exchange stations and facilities and pipeline networks to certain residential and commercial property projects of Beijing Guorui Property and Beijing Guolong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders in connection with the transactions contemplated under the New Heat Supply Services Agreements, the New Property Management Agreements and the Kingdom Guorui Sales Office Management Agreement, and the annual caps thereof
“Independent Financial Adviser”	the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the New Heat Supply Services Agreements, the New Property Management Agreements and the Kingdom Guorui Sales Office Management Agreement, and the annual caps thereof
“Independent Shareholders”	Shareholders other than Wintime, Mr. Sun and their respective associates
“independent third party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), which, to the best of our Directors’ knowledge, information and belief, having made reasonable enquiries, are independent of our Company or are not its connected persons
“Kingdom Guorui Sales Office Management Agreement”	the agreement dated 27 November 2015 entered into between Beijing Guorui Property and AOCEAN Property Management under which AOCEAN Property Management shall provide property management services, sales related services and ancillary services to the sales office and ancillary areas of the property project, Kingdom Guorui* (國銳 • 金嶺) developed by Beijing Guorui Property

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Sun”	Mr. Sun Zhongmin, an executive Director and a Shareholder beneficially interested as to 6.75% of the equity interest of the Company, who is also a director and a shareholder (holding approximately 10.4% equity interest) of Beijing Guorui Property
“Mr. Wei”	Mr. Wei Chunxian, the Chairman, executive Director and a Controlling Shareholder beneficially interested as to 68.25% of the equity interest of the Company, who is also a director and the controlling shareholder (holding approximately 89.6% equity interest) of Beijing Guorui Property
“Ms. Liu”	Ms. Liu Shuhua, an executive Director and the Chief Executive Officer of the Company, who is also a director of Beijing Guorui Property
“New Heat Supply Services Agreements”	The Beijing Guorui Property Heat Supply Services Agreement and the Beijing Guolong Heat Supply Services Agreement
“New Property Management Agreements”	The Beijing Guorui Property Management Agreement and the Beijing Guolong Property Management Agreement
“PRC”	The People’s Republic of China
“Property Management Agreements”	agreements entered into between AOCEAN Property Management and members of Beijing Guorui Group under which AOCEAN Property Management shall provide property management services to certain residential and commercial property projects of the members of Beijing Guorui Group
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wintime”	Wintime Company Limited, a Controlling Shareholder and a connected person of the Company

“%”

per cent

* *for identification purpose only*

By Order of the Board
GR Properties Limited
Wei Chunxian
Chairman

Hong Kong, 27 November 2015

As at the date of this announcement, the executive Directors are Mr. Wei Chunxian, Mr. Sun Zhongmin and Ms. Liu Shuhua; and the independent non-executive Directors are Mr. Tung Woon Cheung Eric, Mr. Mak Kwong Yiu and Mr Chui Tsan Kit.