GR PROPERTIES LIMITED
國銳地產有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 108)

PROFIT WARNING

This announcement is made by GR Properties Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform holders of the Company's shares (the "**Shareholders**") and potential investors that based on the management's preliminary assessment of the Group's unaudited consolidated management accounts, the consolidated net loss for the year ended 31 December 2016 is expected to be restated from approximately HK$36.82 million to approximately HK$65.36 million as a result of applying the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("**AG5**") issued by Hong Kong Institute of Certified Public Accountants, as if the acquisition of the entire issued share capital of Wholly Express Limited (together with its subsidiaries collectively referred to as the "**Acquired Group**"), which was completed on 31 August 2017 and was accounted for as a business combination under common control, had occurred at the beginning of the earliest financial year presented (i.e., 1 January 2016), for details please refer to the circular of the Company dated 8 August 2017 (the "**Circular**"). On this basis, the financial results of the Acquired Group were consolidated from 1 January 2016 in the preparation of the Group's consolidated financial statements for the year ended 31 December 2017. Under the principles of the AG5, the consolidated net loss for the year ended 31 December 2017 is expected to increase by approximately 70% as compared to the consolidated net loss for the year ended 31 December 2016 before the aforesaid restatement (the "**Pre-restated Results**") and decrease by approximately 5% as compared to the restated comparable figure for the year ended 31 December 2016.

The Group's consolidated net loss for the year ended 31 December 2017 was mainly attributable to;

(i) the net loss generated from the Acquired Group which was mainly due to surrounding area of the property held by the Acquired Group located at Ronghua South Road, Economic-Technological Development Area, Beijing, the People's Republic of China is still under development. As disclosed in the Circular, the aforesaid surrounding area is estimated to be completed gradually from 2018 to 2022. Based on the unaudited management accounts of the Acquired Group for the year ended 31 December 2017, the net loss generated from Acquired Group was mainly arise from the depreciation of assets; and

(ii) the recognition of fair value loss of the Group's investment property of Boundary House located in the United Kingdom, which is made based on a shorter lease term under the new lease agreements entered into between the Group and its tenants indicating lease rates at lower than initially expected level and an expected decrease in rental income generated by such investment property.

The Board believes that the increase in consolidated net loss for the year as compared to the Pre-restated Results is due to aforementioned non-cash items and no material adverse effect on the Group's cash flows is expected.

The Company is still in the process of finalising the final results for the year ended 31 December 2017. This profit warning announcement is based on the information currently available to the Group and the preliminary assessment by the management of the Company of the unaudited consolidated management accounts of the Group, which have neither been reviewed nor audited by the Company's auditors. The final results of the Group for the year ended 31 December 2017 are expected to be released in March 2018. Shareholders and potential investors are advised to read the final results of the Company when it is published.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
GR Properties Limited
Wei Chunxian
Chairman

Hong Kong, 20 March 2018

As at the date of this announcement, the executive directors of the Company are Mr. Wei Chunxian, Mr. Sun Zhongmin and Ms. Liu Shuhua; and the independent non-executive directors of the Company are Mr. Tung Woon Cheung Eric, Ms. To Tsz Wan Vivien and Mr. Au Yeung Po Fung.