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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 TRANSACTION SUPPLEMENTAL AGREEMENT TO WINZONE TENANCY AGREEMENT AND REVISION OF ANNUAL CAPS

Reference is made to the announcement of GR Properties Limited (the “**Company**”) dated 31 May 2018 (the “**Announcement**”) relating to, amongst other things, the lease of a premise located in Beijing, the PRC under the Winzone Tenancy Agreement. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

SUPPLEMENTAL AGREEMENT

On 9 November 2018 (after trading hours), Winzone Technology (as landlord) and Guorui Property Development (as tenant) entered into a supplemental agreement (“**Supplemental Agreement**”) to amend certain terms in the Winzone Tenancy Agreement. The principal amendments underlying the Supplemental Agreement are set out below:

- Gross floor area: the area leased under the Winzone Tenancy Agreement is reduced from approximately 4,445 square meters to 1,791 square metres
- Term: The amendment takes effect for the remaining term of the Winzone Tenancy Agreement, namely the period commencing from 10 November 2018 to 31 May 2020
- Rent: as a result of the downward adjustment of the area of premises leased, the rental receivable by the Group under the Winzone Tenancy Agreement has been adjusted from RMB200,040.30 (inclusive of VAT) (equivalent to approximately HK\$226,046) to RMB80,595 per month (inclusive of VAT) (equivalent to approximately HK\$91,072)

Save as aforesaid, all other terms of the Winzone Tenancy Agreement remain in full force and effect.

REVISED ANNUAL CAPS FOR THE WINZONE TENANCY AGREEMENT

As a result of the amendment to the terms of the Winzone Tenancy Agreement under the Supplemental Agreement, the annual caps in respect of the total amounts receivable by the Group under the Winzone Tenancy Agreement for the years ending 31 December 2018, 2019 and 2020 are revised as follows:

Revised Annual Cap	Year ending 31 December		
	2018	2019	2020
Winzone Tenancy Agreement (as amended by the Supplemental Agreement) (<i>Note</i>)	RMB1,197,226 (equivalent to approximately HK\$1,352,865)	RMB967,140 (equivalent to approximately HK\$1,092,868)	RMB402,976 (equivalent to approximately HK\$455,363)

Note:

The revised annual caps for the Winzone Tenancy Agreement (as amended by the Supplemental Agreement) for the years ending 31 December 2018, 2019 and 2020 were determined with reference to the annual rental receivable by the Group under the Winzone Tenancy Agreement (as amended by the Supplemental Agreement). The annual rental receivable under the Winzone Tenancy Agreement (as amended by the Supplemental Agreement) has been determined with reference to the open market rent of properties of comparable size and location.

REVISED AGGREGATE ANNUAL CAPS FOR THE WINZONE TENANCY AGREEMENT AND THE PREVIOUS TENANCY AGREEMENTS

As disclosed in the Announcement, the Group has entered into the Previous Tenancy Agreements which are subject to aggregation with the Winzone Tenancy Agreement under Rule 14A.81 of the Listing Rules. The aggregate annual caps for each of the three years ending 31 December 2018, 2019 and 2020 based on (i) the annual caps in respect of the revised Winzone Tenancy Agreement, and (ii) the rental receivable by the Group under the Previous Tenancy Agreements during the period where they overlap with the term of the Winzone Tenancy Agreement (“**Revised Aggregate Annual Caps**”) are set out below:

	Year ending 31 December		
	2018	2019	2020
	RMB4,177,424 (equivalent to approximately HK\$4,720,489)	RMB4,761,881 (equivalent to approximately HK\$5,380,926)	RMB888,976 (equivalent to approximately HK\$1,004,543)

Notes:

- (i) All figures in the above table are rounded up to the nearest whole number.
- (ii) The Revised Aggregate Annual Caps above refers to the period during which the Winzone Tenancy Agreement (as amended by the Supplemental Agreement) is in effect.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

Following a recent review in the utilisation planning of the Group's properties, Winzone Technology has been contemplating leasing out a smaller gross floor area of the premise under the Winzone Tenancy Agreement to Guorui Property Development and allocating more floor area in the premise to business uses by a subsidiary of the Company such as exhibition hall, banquet rooms and meeting rooms. The entering into of the Supplemental Agreement is in line with the Group's operational and business needs without any disruptions to the operations of the Group. The terms of the Supplemental Agreement have been arrived at after arm's length negotiation with reference to the open market rent of properties of comparable size and location.

The Directors (including the independent non-executive Directors) are of the view that the Supplemental Agreement is in the interests of the Company and its shareholders as a whole and the terms of the Supplemental Agreement are fair and reasonable, on normal commercial terms and in the ordinary course of business of the Group.

In view of Mr. Wei and Mr. Sun's interest in Guorui Property Development, Mr. Wei and Mr. Sun are considered as having a material interest in the Supplemental Agreement and have abstained from voting on the board resolution(s) passed in connection with the Supplemental Agreement and the transaction(s) contemplated thereunder.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Revised Aggregate Annual Cap are more than 0.1% but less than 5%, the Winzone Tenancy Agreement (as amended by the Supplemental Agreement) is subject to the reporting, annual review and announcement requirements but are exempted from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

For illustrative purposes, the exchange rate of RMB1.00 = HK\$1.13 is adopted in this announcement.

By Order of the Board
GR Properties Limited
Wei Chunxian
Chairman

Hong Kong, 9 November 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.