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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
IN RELATION TO
DISPOSAL OF 50% INTEREST IN THE TARGET COMPANY AND
THE SALE LOAN**

THE DISPOSAL

On 28 April 2022, the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement, pursuant to which the Vendor conditionally agreed to dispose of, and the Purchaser conditionally agreed to purchase and assume, the Sale Share, representing 50% of the entire issued share capital of the Target Company, and all benefits and interests of and in the Sale Loan, for a consideration of HK\$2.66 billion.

The Target Company is a joint venture between the Group and C C Land, and the Target Group is principally engaged in holding and developing the Property in London, the United Kingdom. Upon Completion, the Group will no longer hold any interest in the Target Company and the Target Company will cease to be accounted as a joint venture of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE AGREEMENT

Date

28 April 2022

Parties

- (i) the Vendor; and
- (ii) the Purchaser.

To the best knowledge, information and belief of the Directors after making reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Subject Matter

Pursuant to the Agreement, the Vendor conditionally agreed to dispose of, and the Purchaser conditionally agreed to purchase and assume, the Sale Share and all benefits and interests of and in the Sale Loan. The Sale Share represents 50% of the entire issued share capital of the Target Company as at the date of the Agreement and as at Completion.

As at the date of the Agreement, the Sale Loan owing by the Target Company to the Vendor amounts to approximately GBP167.9 million (equivalent to approximately HK\$1.65 billion).

Consideration and payment terms

The consideration for the Disposal is HK\$2.66 billion, which shall be paid by the Purchaser to the Vendor in accordance with the Agreement in the following manner:

- (a) HK\$1 billion, representing a refundable deposit (the “**Deposit**”), is payable upon execution of the Agreement; and
- (b) HK\$1.66 billion, representing the balance of the consideration after deducting the Deposit, will be payable at Completion.

The consideration was determined after arm’s length negotiations with reference to (i) the unaudited consolidated net asset value of the Target Company as at 31 March 2022 of approximately GBP288.7 million (equivalent to approximately HK\$2.84 billion), as attributable to the proportional interest of the Sale Share in the Target Company; (ii) the invested equity contribution by the Group into the Target Company leading up to the time of Disposal, taking into account the uncertainty and risk associated to the realisation of future sales that can be generated from the development; (iii) the amount of the Sale Loan; and (iv) the reasons for and benefits of the Disposal as set out in this announcement.

Conditions precedent

Completion is conditional upon the following conditions (“**Condition(s)**”) being satisfied (or waived by the Purchaser pursuant to the Agreement), on or before the Longstop Date:

- (a) the Purchaser having completed its due diligence investigation, including but not limited to legal, financial, business and tax of each member of the Target Group and the Property (including on-site physical inspection) to its sole reasonable satisfaction;
- (b) all necessary approvals and consents from any third party(ies) having been obtained by the Vendor and/or the Target Company for the transactions contemplated under the Agreement, including without limitation, (i) any lender’s consent as may be required if there is any amount outstanding under any existing facility(ies) granted to the Vendor, the Target Company or its subsidiaries, and (ii) consent of other shareholder(s) of the Target Company;
- (c) the passing of the resolutions of the board of directors and (where required) sole shareholder of the Vendor for approving the Agreement and the transactions contemplated thereunder;
- (d) all the requirements under the Listing Rules required to be complied with by the Vendor and/or any of its holding companies in respect of the Agreement and the transactions contemplated thereunder having been duly complied with; and
- (e) all the warranties given by the Vendor under the Agreement being true, accurate and correct and not misleading in all respects.

The Purchaser may, to such extent as it thinks fit, at any time waive in writing to the Vendor any of the Conditions (other than the Conditions set out in paragraph (b) and (d) above) or any part thereof on such terms as it may decide at its sole and absolute discretion.

If any of the Conditions (which have not previously been waived by the Purchaser) have not been satisfied by the Longstop Date, either party may at any time thereafter, at its option (but without prejudice to any other right or remedy it may have), by notice to the other party, terminate the Agreement, in which event (i) all rights and obligations of the parties shall cease and determine, and no party shall have any claim against the other party save and except for the then accrued rights and obligations; and (ii) the Vendor shall return the Deposit to the Purchaser or as it may direct within three (3) business days upon termination.

Completion

Completion shall take place on or before the third (3rd) business day following the satisfaction of the Conditions not otherwise waived by the Purchaser (or such other date as may be agreed by the Vendor and the Purchaser in writing).

Upon Completion, the Group will no longer hold any interest in the Target Company and the Target Company will cease to be accounted as a joint venture of the Company.

Post-Completion sharing of profits

The Vendor shall be entitled to receive such portion of the Purchaser's due share of the profit distributable by the Target Company, which is attributable to the portion of the accumulated sales of the units of phase one of the Property exceeding GBP1.2 billion in value and achieved within 18 months from the date of Completion.

The Purchaser shall procure the Target Company to pay or distribute profit as soon as possible after the accumulated sales of the units of phase one of the Property reaches GBP1,200,000,000 in value.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Disposal enables the Group to monetize the value in its investment in the Property accumulated over a period of time since investment and represents an opportunity to enhance the financial flexibility of the Group at this point of time. The profit sharing provisions under the Agreement also enable the Company to receive such portion of the Purchaser's due share of profit distributable by the Target Company from the sales of units of phase one of the Property achieved within 18 months from the date of Completion.

The Disposal is beneficial to the Group in optimizing the allocation of resources and reducing its gearing ratio, which is conducive to the Group's ability to manage risks and achieve long-term stable and healthy development.

The Directors are of the view that the terms of the Agreement were negotiated on an arm's length basis and on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE TARGET COMPANY AND THE PROPERTY

The Target Company is a joint venture between the Group and C C Land, and the Target Group is principally engaged in holding and developing the Property in London, the United Kingdom.

The Property is currently known as "Thames City" located at south of Nine Elms Lane, London (former New Covent Garden Market), the United Kingdom, with a total site area of approximately 449,000 square feet and a total saleable floor area of approximately 1.7 million square feet. The Property is mixed use development comprising 12 residential buildings, a park and other facilities such as club house, landscaped gardens, restaurants, retail outlets and commercial spaces. Phase one of the Property, which comprises 3 residential towers, was launched for pre-sale in 2020 and the construction is in progress as at the date of this announcement.

Set out below is the unaudited consolidated financial information of the Target Company for the years ended 31 December 2020 and 31 December 2021:

	For the year ended	
	31 December	
	2020	2021
	<i>GBP</i>	<i>GBP</i>
Net loss before and after taxation and extraordinary items	4.2 million	4.7 million

Based on the unaudited management accounts of the Target Company, the unaudited consolidated net asset value of the Target Company as at 31 March 2022 was approximately GBP577.3 million (equivalent to approximately HK\$5.69 billion).

INFORMATION ON THE PARTIES INVOLVED

The Purchaser

To the best knowledge, information and belief of the Directors after making reasonable enquiries, (i) the Purchaser is principally engaged in investment holding; (ii) the Purchaser is wholly owned by Mr. Cheung Chung Kiu; and (iii) the Purchaser and its ultimate beneficial owner are Independent Third Parties.

The Vendor

The Vendor is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The Vendor is an indirect wholly-owned subsidiary of the Company as at the date of this announcement.

The Group

The Company is 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. The Company is an investment holding company. 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.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Subject to final audit, it is expected that the Group will record a loss from the Disposal of approximately HK\$1.84 billion, which is calculated with reference to the unaudited consolidated net asset value of the Target Group as at 31 March 2022 attributable to the Vendor, the amount of the Sale Loan and the consideration for the Disposal of HK\$2.66 billion.

The proceeds from the Disposal will first be applied to repay existing loans owing by the Vendor. The Board intends to apply any remaining net proceeds from the Disposal to repay the Group's other indebtedness and as general working capital of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 28 April 2022 entered into between the Vendor and the Purchaser in relation to the Disposal
“Board”	board of Directors
“C C Land”	C C Land Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 1224)
“Classical Noble”	Classical Noble Limited, a company incorporated in the British Virgin Islands with limited liability, which is indirectly wholly-owned by C C Land as at the date of this announcement
“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)
“Completion”	completion of the Disposal pursuant to the Agreement
“Director(s)”	director(s) of the Company

“Disposal”	the disposal of the Sale Share and the assignment of the Sale Loan pursuant to the Agreement
“GBP”	British Pound Sterling, the lawful currency of the United Kingdom
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties independent of and not connected with the Company or its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	30 June 2022 or any other date which may be agreed by the Vendor and the Purchaser in writing
“PRC”	the People’s Republic of China
“Property”	the freehold property known as land to the south of Nine Elms Lane (former New Covent Garden Market), London (with title number TGL483525)
“Purchaser”	Victory Trend Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Sale Loan”	the entire amount of the principal, interest (if any) and other sums and indebtedness due, owing or payable to the Vendor by the Target Company, as at Completion (representing all amounts owing by the Target Company to the Vendor as at such date)
“Sale Share”	one (1) ordinary share of the Target Company to be sold by the Vendor to the Purchaser, which constitutes 50% of entire issued share capital of the Target Company as at the date of the Agreement and as at Completion
“Shareholder(s)”	holder(s) of the ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Instant Glory International Limited, a company incorporated in the British Virgin Islands with limited liability, which is held as to 50% by the Vendor and 50% by Classical Noble as at the date of this announcement
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Eastern Daily Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“%”	per cent.

For the purpose of this announcement and for illustration purpose only, conversion of GBP to HK\$ is based on the exchange rate of GBP to HK\$9.85. No representation is made that any amounts in GBP have been or could be converted at the above rate or any other rates.

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

Hong Kong, 28 April 2022

As at the date of this announcement, the executive directors of the Company 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*