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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**

**EXERCISE OF OPTION TO REPURCHASE  
THE SHARES AND LOANS OF THE TARGET COMPANY**

Reference is made to the Company's announcement dated 14 March 2022. The Disposal was completed on 4 April 2022. On 2 September 2022, the Seller exercised the Option to repurchase the Post-Completion Shares and the Post-Completion Loans from the Buyer at the Option Consideration.

As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceeds 5% but is less than 25%, the exercise of the Option constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**EXERCISE OF THE OPTION**

Reference is made to the Company's announcement dated 14 March 2022. The Disposal was completed on 4 April 2022. Pursuant to the SPA, the Seller has the Option to, at any time after Completion and on or before the end of six (6) months after Completion, repurchase the Post-Completion Shares and the Post-Completion Loans from the Buyer at the Option Consideration, by giving not less than 30 days' advance notice to the Buyer.

On 2 September 2022, the Seller served a notice to the Buyer to exercise the Option (“**Option Exercise Notice**”). Subject to, among other things, the repayment of any outstanding amount owing by the Target Group to the Buyer or any of its affiliates in full prior to the day falling 20 business days after the date of service (or such other date as may be agreed by the parties pursuant to the terms of the SPA), completion of the sale and repurchase shall take place 20 business days after the service of the Option Exercise Notice by the Seller or as otherwise agreed between the parties (“**Option Completion**”). If after the service of the Option Exercise Notice, any amount owing by the Target Group to the Buyer or any of its affiliates has not been repaid in full prior to the day falling 20 business days after the date of service (or such other date as may be agreed by the parties pursuant to the terms of the SPA), the Option will automatically lapse and cease to be exercisable by the Seller and the Buyer shall have no obligation whatsoever to complete the repurchase.

The Option Consideration was determined on arm’s length with reference to, among other things, the market value of the Development and the development potential of the Development.

The Option Consideration shall be settled by or on behalf of the Seller in cash at Option Completion.

The Group intends to fund the Option Consideration by external financings to be obtained by the Group from independent third-party financier(s). The Company expects that as part of the financing arrangement, the Group may be required to, among other things, transfer or pledge the entire equity interest in the Target Company to the designated entity(ies) of such financier(s), and therefore the Target Company and its subsidiaries may or may not be consolidated as subsidiaries of the Company in the consolidated financial statements of the Company immediately following the Option Completion. As of the date of this announcement, the Company has not yet entered into any legally binding agreement(s) in respect of such financing arrangement with any independent third-party financier. The Company will make further announcement(s) in this regard as and when appropriate.

**The external financings may or may not materialize. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **REASONS AND BENEFITS**

The Company is optimistic about the prospects of the Development. The Company believes that repurchasing the Target Company will enable the Group to maintain its interests in the Development which is a landmark development project in the United Kingdom, can showcase the Group’s commitment to growth and overseas development, and will bring long-term benefit to the Group.

Given that the terms of the SPA were concluded after arm's length negotiations and were on normal commercial terms, the Directors (including the independent non-executive Directors) consider that the exercise of the Option was fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE TARGET COMPANY AND THE DEVELOPMENT**

The Target Company is a company incorporated in England and Wales with limited liability and is principally engaged in investment holding. The Target Group is the legal and beneficial owner of the Development. The Development is a mixed-use scheme currently known as "Vauxhall Square" located at Vauxhall Square, Vauxhall, London, the United Kingdom, with planning consent for approximately 133,000 sqm gross floor area of mixed use development comprising residential, hotel and hostel, office, retail and leisure as approved under planning permission 15/05619/VOC and subsequent non-material amendment approvals. As at the date of this announcement, the construction of the Development has not commenced on the main site.

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

	<b>For the year ended 31 December</b>	
	<b>2020</b>	<b>2021</b>
	<b>(audited)</b>	<b>(unaudited)</b>
	<b>£</b>	<b>£</b>
Loss before and after taxation and extraordinary items	18,070	11,575

Based on the unaudited management accounts of the Target Company, the unaudited net asset value of the Target Company as at 30 June 2022 is approximately negative £62,532 (equivalent to approximately negative HK\$567,478).

Set out below is the financial information of the two subsidiaries of the Target Company, for the years ended 31 December 2020 and 31 December 2021:

### **Subsidiary 1:**

	<b>For the year ended 31 December</b>	
	<b>2020</b>	<b>2021</b>
	<b>(audited)</b>	<b>(unaudited)</b>
	<b>£</b>	<b>£</b>
Loss before and after taxation and extraordinary items	13,364,934	16,334,571

Based on the unaudited management accounts of subsidiary 1, the unaudited net asset value of subsidiary 1 as at 30 June 2022 is approximately negative £48,503,425 (equivalent to approximately negative HK\$440,168,582).

## Subsidiary 2:

	For the year ended 31 December	
	2020	2021
	(unaudited)	(unaudited)
	£	£
Loss before and after taxation and extraordinary items	Nil	Nil

Based on the unaudited management accounts of subsidiary 2, the unaudited net asset value of subsidiary 2 as at 30 June 2022 is approximately negative £4,723 (equivalent to approximately negative HK\$42,861).

## INFORMATION ON THE PARTIES

### The Buyer

The Buyer is an indirect wholly-owned subsidiary of Far East and is principally engaged in investment holding.

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

### The Seller, the Warrantors and the Group

The Seller is a direct wholly-owned subsidiary of R&F (HK) and is principally engaged in investment holding.

R&F (HK) is a direct wholly-owned subsidiary of the Company and is principally engaged in investment holding.

Dr. Li Sze Lim is a director and substantial shareholder of the Company interested in approximately 28.97% of the total share capital of the 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.

## LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceeds 5% but is less than 25%, the exercise of the Option 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:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Bank Loan”	the HK\$835,000,000 term loan facility provided by a bank (an Independent Third Party) to the Target Group
“Board”	the board of Directors
“Buyer”	Next Talent Developments Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of Far East
“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 SPA, which took place on 4 April 2022
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Development”	a mixed use scheme currently known as “Vauxhall Square” located at Vauxhall Square, Vauxhall, London, the United Kingdom, with planning consent for approximately 133,000 sqm gross floor area of mixed use development comprising residential, hotel and hostel, office, retail and leisure as approved under planning permission 15/05619/VOC and subsequent non material amendment approvals
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the entire issued share capital of the Target Company and the assignment of the Intercompany Loan pursuant to the SPA
“Far East”	Far East Consortium International Limited (遠東發展有限公司), 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: 35)

“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 People’s Republic China
“Independent Third Party(ies)”	third party(ies) which is(are) independent of the Company and its connected persons
“Intercompany Loan”	all amounts due to the Seller and certain subsidiaries of the Company from the Target Group as at Completion
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Option”	the option exercisable by the Seller to repurchase the Post-Completion Shares and require the assignment to it of all of the Buyer’s benefits and interest in the Post-Completion Loans for the Option Consideration
“Option Consideration”	<p>the sum of £106,610,353 (equivalent to approximately HK\$967,488,953) plus the total amount of all of the following costs and expenses:</p> <ul style="list-style-type: none"> <li>(a) all costs, liabilities and expenses, including without limitation operating expenses, borne by the Buyer and its affiliates related to or in connection with the Target Group and the transaction contemplated under the SPA;</li> <li>(b) all costs, liabilities and expenses, including without limitation insurance, tax and legal expenses, incurred by the Target Group after Completion; and</li> <li>(c) all costs, liabilities and expenses incurred by the Buyer, its affiliates and the Target Company in relation to the prepayment or repayment of the Bank Loan</li> </ul>
“Post-Completion Loans”	the Buyer’s interest in the Intercompany Loans (as such Intercompany Loans may be amended, varied, novated, superseded or released by the Buyer after Completion), excluding any loans as may be advanced by the Buyer to the Target Group after Completion

“Post-Completion Shares”	100% of the then share capital of the Target Company transferred to the Buyer pursuant to the Disposal, and any other shares of the Target Company held by the Buyer, as swapped, exchanged, capitalised or converted from the Intercompany Loans by the Buyer after Completion
“PRC”	the People’s Republic of China
“R&F (HK)”	R&F Properties (HK) Company Limited, a company incorporated in Hong Kong with limited liability, a direct wholly-owned subsidiary of the Company
“Seller”	Big Brilliance Limited, a company incorporated in Hong Kong with limited liability, a direct wholly-owned subsidiary of R&F (HK)
“Shareholder(s)”	the shareholder(s) of the Company
“SPA”	the sale and purchase agreement dated 14 March 2022 entered into between, among others, the Seller (as seller), the Buyer (as buyer), R&F (HK) (as warrantor) and Dr. Li Sze Lim (as warrantor), as amended by an amendment agreement dated 4 April 2022 between the same parties and may be further amended or supplemented from time to time
“sqm”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	R&F Properties VS (UK) Co., Ltd., a company incorporated in England and Wales with limited liability, an indirect wholly-owned subsidiary of the Company
“Target Group”	the Target Company and its two subsidiaries
“Warrantors”	collectively, R&F (HK) and Dr. Li Sze Lim
“%”	per cent.
“£”	Great British Pound, the lawful currency of the United Kingdom

*For the purpose of this announcement and for illustration purpose only, conversion of £ to HK\$ is based on the exchange rate of £1 to HK\$9.075. No representation is made that any amounts in £ 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, 2 September 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 purpose only*