

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**(1) DISCLOSEABLE TRANSACTION
IN RELATION TO THE DISPOSAL FRAMEWORK AGREEMENT**
**(2) TERMINATION OF DISCLOSEABLE TRANSACTION
IN RELATION TO THE
PROPERTY PURCHASE FRAMEWORK AGREEMENT**

BACKGROUND

Reference is made to announcement of the Company dated 30 May 2022 in relation to the proposed disposal of certain properties by the Group to the Kinetic Development Group pursuant to the Property Purchase Framework Agreement, which constituted a discloseable transaction for the Company. As at the date of this announcement, the Kinetic Development Group has made a partial payment to the Group in the amount of RMB564,625,000 pursuant to the Property Purchase Framework Agreement.

**THE DISPOSAL FRAMEWORK AGREEMENT AND THE TERMINATION OF
DISCLOSEABLE TRANSACTION IN RELATION TO THE PROPERTY PURCHASE
FRAMEWORK AGREEMENT**

As approved by the Board on 6 January 2025, the Company entered into the Disposal Framework Agreement in relation to the Transaction with Hainan Hangxiao, Beijing R&F Properties, Beijing R&F Tianchuang, the Target Company and Kinetic Qinhuangdao.

Pursuant to the terms of the Disposal Framework Agreement, among others, (i) Beijing R&F City and Beijing R&F Tianchuang would transfer, and Kinetic Qinhuangdao would acquire, 100% equity interests in the Target Company at nil consideration; (ii) the Company would transfer to Kinetic Qinhuangdao, and Kinetic Qinhuangdao would receive, the Creditor's Rights held by the Company against the Target Company totaling RMB617,394,474.7 for a consideration of RMB564,625,000; (iii) Hainan Hangxiao (as vendor) and Kinetic Qinhuangdao (as purchaser) would terminate the Property Purchase Framework Agreement; (iv) Hainan Hangxiao would transfer to the Company, and the Company would receive, the debt owed by Hainan Hangxiao to Kinetic Qinhuangdao (i.e. the amount paid by Kinetic Qinhuangdao under the Property Purchase Framework Agreement and which would be refundable to Kinetic Qinhuangdao upon the termination of the Property Purchase Framework Agreement) in the amount of RMB564,625,000; and (v) the consideration payable by Kinetic Qinhuangdao to the Company for the Creditor's Rights Transfer in the amount of RMB564,625,000 would be fully set off by the equivalent amount payable by the Company to Kinetic Qinhuangdao after the Debt Transfer.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Transaction is 5% or more but less than 25%, the Transaction constituted a discloseable transaction and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

Reference is made to announcement of the Company dated 30 May 2022 in relation to the proposed disposal of certain properties by the Group to the Kinetic Development Group pursuant to the Property Purchase Framework Agreement, which constituted a discloseable transaction for the Company. As at the date of this announcement, the Kinetic Development Group has made a partial payment to the Group in the amount of RMB564,625,000 pursuant to the Property Purchase Framework Agreement.

DISPOSAL FRAMEWORK AGREEMENT

As approved by the Board on 6 January 2025, the Company entered into the Disposal Framework Agreement in relation to the Transaction with Hainan Hangxiao, Beijing R&F Properties, Beijing R&F Tianchuang, the Target Company and Kinetic Qinhuangdao, comprising the following:

(1) Disposal of the shareholding in the Target Company

Beijing R&F Properties and Beijing R&F Tianchuang would transfer, and Kinetic Qinhuangdao would acquire, 100% equity interest in the Target Company, at nil consideration (the "Equity Transfer").

(2) Transfer of Creditor's Rights

As at 30 November 2024, current account payables in the amount of RMB107,394,474.7 were due by the Target Company to Beijing R&F Properties and current account payables in the amount of RMB510,000,000 were due by the Target Company to the Company.

Upon completion of the Equity Transfer, Beijing R&F Properties would transfer the aforesaid creditor's rights held by Beijing R&F Properties against the Target Company to the Company such that after such transfer, the creditor's rights held by the Company against the Target Company would amount to RMB617,394,474.7 (the "**Creditor's Rights**").

Upon completion of the Equity Transfer, the Company would transfer to Kinetic Qinhuangdao, and Kinetic Qinhuangdao would receive, the Creditor's Rights at the consideration of RMB564,625,000 (the "**Consideration for the Creditor's Rights**").

(3) Termination of the Property Purchase Framework Agreement

Upon completion of the Equity Transfer, the Property Purchase Framework Agreement would be terminated with immediate effect. Except for the amount paid by Kinetic Qinhuangdao under the Property Purchase Framework Agreement, which has been fully set off against the consideration payable by Kinetic Qinhuangdao for the transfer of the Creditor's Rights under the Disposal Framework Agreement, neither Hainan Hangxiao nor Kinetic Qinhuangdao has any other obligations under the Property Purchase Framework Agreement.

(4) Transfer of Debt

Upon completion of the Equity Transfer, Hainan Hangxiao would transfer to the Company, and the Company would receive, the debt owed by Hainan Hangxiao to Kinetic Qinhuangdao (i.e. the amount paid by Kinetic Qinhuangdao under the Property Purchase Framework Agreement and which would be refundable to Kinetic Qinhuangdao upon the termination of the Property Purchase Framework Agreement) in the amount of RMB564,625,000 (the "**Debt Transfer**").

(5) Set off

Upon completion of the Equity Transfer, the Consideration for the Creditor's Rights payable by Kinetic Qinhuangdao to the Company would be fully set off by the equivalent amount payable by the Company to Kinetic Qinhuangdao after the Debt Transfer.

Consideration

The Consideration for the Creditor's Rights was arrived at after arm's length negotiations between the Company and Kinetic Qinhuangdao with reference to (i) the financial position of the Target Company and the current stage of development of the Target Properties (details of which are set out in the section headed "INFORMATION ON THE GROUP AND THE PARTIES TO THE TRANSACTION" in this announcement), (ii) the prevailing market conditions and (iii) the reasons and benefits set out in the section headed "REASONS FOR AND BENEFITS OF ENTERING INTO THE DISPOSAL FRAMEWORK AGREEMENT AND THE TERMINATION OF THE PROPERTY PURCHASE FRAMEWORK AGREEMENT" in this announcement.

The consideration for the Equity Transfer is zero taking into consideration the unaudited net liability value of the Target Company as at 31 August 2024 in the amount of approximately RMB74.05 million.

Completion

As at the date of this announcement, the conditions precedent to completion of the Equity Transfer have either been satisfied or waived by Kinetic Qinhuangdao in writing, and as at the date of this announcement, completion of the Equity Transfer and the other transactions contemplated under the Disposal Framework Agreement has taken place. The Group no longer holds any interest in the Target Company and the Target Company has ceased to be a subsidiary of the Company. Such conditions precedent were as follows:

- (i) all requisite approvals (including but not limited to approvals from the shareholders and/or Stock Exchange, if applicable) and consents from third-party creditors (if applicable) having been obtained;
- (ii) Kinetic Qinhuangdao is satisfied with the due diligence findings on the Target Company (including but not limited to financial, legal, and commercial due diligence); and
- (iii) there being no breach of the Disposal Framework Agreement and the related agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE DISPOSAL FRAMEWORK AGREEMENT AND THE TERMINATION OF THE PROPERTY PURCHASE FRAMEWORK AGREEMENT

The Transaction enables the Group to settle the refund of the amount owed by the Group to Kinetic Development Group using properties held by the Group, thereby reducing cash outflow of the Group.

The Directors (including the independent non-executive Directors but excluding Ms. Zhang Lin) are of the view that the Disposal Framework Agreement was entered into on normal commercial terms, and the Disposal Framework Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. For good corporate governance, Ms. Zhang Lin (who holds the position of a non-executive director of Kinetic Development and is also an associate of Mr. Zhang Li, a substantial shareholder of Kinetic Development has abstained from voting on the relevant Board resolutions in relation to the Disposal Framework Agreement.

The Directors consider that the termination of the Property Purchase Framework Agreement shall have no material adverse impact on the operations and financial position of the Group.

INFORMATION ON THE GROUP AND THE PARTIES TO THE TRANSACTION

The Group and its subsidiaries

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.

Hainan Hangxiao is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company. It is principally engaged in the development and management of real estate properties, marketing and sales activities and consulting services for tourism projects.

Beijing R&F Properties is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company. It is principally engaged in property development and sales.

Beijing R&F Tianchuang is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company. It is principally engaged in advertisement design and production.

The Target Company is a limited liability company established in the PRC. The Target Company is principally engaged in the development of the Target Properties. Immediately before completion of the Equity Transfer, the Target Company was held as to 99.7% by Beijing R&F Properties and as to 0.3% by Beijing R&F Tianchuang.

The Target Properties are a property development project located south of Songshi Golf, west of Tuofeng Road, and north of Planning Secondary Road 7 (松石高爾夫以南、駝峰路以西、規劃次乾路七以北), Beidaihe District, Qinhuangdao City, Hebei Province with a total site area of approximately 166,900 square meters and a total gross floor area of 87,989 square meters and the project will include villas, apartments and commercial buildings. As at the date of this announcement, the Target Properties are currently under development and construction, and are expected to be completed by 2030.

Set out below is the unaudited consolidated financial information of the Target Company for each of the two years ended 31 December 2022 and 31 December 2023:

	For the year ended 31 December	
	2022	2023
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>RMB</i>	<i>RMB</i>
Net loss before taxation	(8,280,097)	(1,948,213)
Net loss after taxation	(7,963,847)	(1,948,213)

Based on the unaudited management accounts of the Target Company, as at 31 August 2024, the unaudited total assets of the Target Company was RMB901,942,683, and the unaudited net liability value of the Target Company was RMB74,053,968.

Kinetic Qinhuangdao

Kinetic Qinhuangdao is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of Kinetic Development, the shares of which are listed on the main board of the Stock Exchange. It is principally engaged in the wholesale and retail of coal and products, metals and metal mines, machinery and equipment and hardware products, import of coal, warehousing, and leasing and management of its own properties. Mr. Zhang Li, a substantial shareholder of the Company, has approximately 11.3% interest in Kinetic Development as at the date of this announcement.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, Kinetic Qinhuangdao and its ultimate beneficial controlling shareholders are third parties independent of the Company and connected persons of the Company.

FINANCIAL EFFECT OF THE TRANSACTION AND USE OF PROCEEDS

The Company will not receive any cash proceeds from the Transaction.

Subject to final review, the Company is expected to record a loss of approximately RMB286.15 million from the Transaction, which is calculated with reference to the Consideration for the Creditor's Rights net of the adjusted net assets of the Target Company on 31 August 2024, the Group's claims on the Target Company and the construction liabilities of the Target Company borne by the Group.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Transaction is 5% or more but less than 25%, the Transaction constitutes a discloseable transaction 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 when used herein:

“Beijing R&F Properties”	Beijing R&F Properties Development Co., Ltd.* (北京富力城房地產開發有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“Beijing R&F Tianchuang”	Beijing R&F Tianchuang Advertising Co., Ltd.* (北京富力天創廣告有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“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)
“Consideration for the Creditor’s Rights”	has the meaning ascribed to it under the section headed “DISPOSAL FRAMEWORK AGREEMENT – 2. Transfer of Creditor’s Rights” in this announcement
“Creditor’s Rights”	has the meaning ascribed to it under the section headed “DISPOSAL FRAMEWORK AGREEMENT – 2. Transfer of Creditor’s Rights” in this announcement
“Debt Transfer”	has the meaning ascribed to it under the section headed “DISPOSAL FRAMEWORK AGREEMENT – 4. Transfer of Debt” in this announcement
“Director(s)”	the director(s) of the Company
“Disposal Framework Agreement”	the framework agreement entered into by the Company with Hainan Hangxiao, Kinetic Qinhuangdao, Beijing R&F Properties, Beijing R&F Tianchuang and the Target Company in relation to the Transaction
“Equity Transfer”	has the meaning ascribed to it under the section headed “DISPOSAL FRAMEWORK AGREEMENT – 1. Disposal of the shareholding in the Target Company” in this announcement
“Group”	the Company and its subsidiaries
“Hainan Hangxiao”	Hainan Hangxiao Real Estate Development Co., Ltd.* (海南航孝房地產開發有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Kinetic Development”	Kinetic Development Group Limited, 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: 1277)
“Kinetic Development Group”	Kinetic Development and its subsidiaries
“Kinetic Qinhuangdao”	Kinetic (Qinhuangdao) Energy Group Co., Ltd. * (力量(秦皇島)能源集團有限公司), formerly known as Kinetic (Qinhuangdao) Energy Co., Ltd.* (力量(秦皇島)能源有限公司), a company established in the PRC with limited liability on 4 August 2011 and an indirect wholly-owned subsidiary of Kinetic Development
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property Purchase Framework Agreement”	the framework agreement dated 30 May 2022 and any supplemental agreements between Hainan Hangxiao (as vendor) and Kinetic Qinhuangdao (as purchaser) on sale and purchase of the properties in buildings No.1 and No.2 of the R&F Shoufu Building Lot B18, which are situated at B18 block of the new city center of Dayingshan, Haikou, Hainan Province, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Qinhuangdao Jifu Properties Co., Ltd.* (秦皇島極富房地產開發有限公司), a limited liability company established in the PRC and the owner of the Target Properties as at the date of this announcement
“Target Properties”	a property development project located south of Songshi Golf, west of Tuofeng Road, and north of Planning Secondary Road 7 (松石高爾夫以南、駝峰路以西、規劃次乾路七以北), Beidaihe District, Qinhuangdao City, Hebei Province with a total site area of 166,900 square meters and a total gross floor area of 87,989 square meters and the project will include villas, apartments and commercial buildings
“Transaction”	the transactions contemplated by the Disposal Framework Agreement
“%”	per cent.

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

Hong Kong, 6 January 2025

As at the date of this announcement, the executive directors of the Company are Dr. Li Sze Lim, Mr. Zhang Hui, Mr. Xiang Lijun and Mr. Zhao Feng; 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*