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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)

**PROPOSED ISSUE OF NEW H SHARES
UNDER SPECIFIC MANDATE AND
PROPOSED CONSEQUENTIAL AMENDMENTS TO THE ARTICLES OF
ASSOCIATION**

PROPOSED ISSUE OF NEW H SHARES UNDER SPECIFIC MANDATE

The Board announces that it has resolved on 5 November 2018 to convene the EGM and the Class Meetings for the approval of the proposed Specific Mandate to the Board to issue not more than 805,591,836 New H Shares, representing not more than 25% and 20% of the total share capital of the Company before and after the New H Shares Issue, respectively (assuming the maximum of 805,591,836 New H Shares are issued); and not more than approximately 79.35% and 44.24% of the total number of H Shares in issue before and after the New H Shares Issue, respectively (assuming the maximum of 805,591,836 New H Shares are issued).

PROPOSED CONSEQUENTIAL AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Upon completion of the New H Shares Issue, the number of H Shares in issue, the registered capital and the capital structure of the Company will change and therefore consequential amendments to the Articles of Association are necessary. The Board will seek the Shareholders' authorization at the EGM to authorize the Board and the persons delegated by the Board to implement the proposed amendments to the Articles of Association consequential to the New H Shares Issue and deal with the relevant registration and filing procedures with the relevant industry and commerce administration authorities and other related matters in relation to the implementation of the resolutions passed at the EGM, Class Meetings and the Board meetings during the validity period of the resolutions relating to the New H Shares Issue.

GENERAL

The Company will convene the EGM and Class Meetings to seek approval from the Shareholders for the Specific Mandate and the proposed consequential amendments to the Articles of Association (as the case may be). The New H Shares Issue is also subject to other conditions as set out under the subsection headed “*Proposed Issue of New H Shares under Specific Mandate – Conditions to the New H Shares Issue*” in this announcement.

A circular containing, among other things, details of the Specific Mandate and the New H Shares Issue will be despatched to the Shareholders as soon as practicable in accordance with the Articles of Association, the Listing Rules and the applicable requirements under PRC laws and regulations.

In view that the New H Shares Issue is subject to certain conditions and accordingly may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the H Shares or other securities of the Company.

PROPOSED ISSUE OF NEW H SHARES UNDER SPECIFIC MANDATE

The Board announces that, it has resolved on 5 November 2018 to convene the EGM and the Class Meetings for approval of the proposed Specific Mandate to the Board to issue not more than 805,591,836 New H Shares, representing not more than 25% and 20% of the total share capital of the Company before and after the New H Shares Issue, respectively (assuming the maximum of 805,591,836 New H Shares are issued); and not more than approximately 79.35% and 44.24% of the total number of H Shares in issue before and after the New H Shares Issue, respectively (assuming the maximum of 805,591,836 New H Shares are issued).

Details of the New H Shares Issue are as follows:

(1) Issuer of the New H Shares

The Company.

(2) Class of Shares to be issued

Overseas listed foreign shares (H Shares).

(3) Nominal value per share

RMB0.25.

(4) Time of issuance

The Company will select an appropriate time within the validity period of the resolutions to be passed at the EGM and the Class Meetings to undertake the New H Shares Issue in a single or multiple series. The Board and the persons delegated by the Board will determine the actual time of issuance with reference to the international capital market conditions, as well as the status of review of the Company's application for the relevant approvals by the PRC and overseas administrative and/or regulatory authorities.

(5) Method of issuance

The New H Shares Issue will be carried out by way of (including but not limited to) placing.

(6) Target investors

The New H Shares will be issued/placed to qualified institutional, corporate and natural persons and other investors, who are independent of and not connected with any directors, supervisors, chief executive officer or substantial shareholders (as defined under the Listing Rules) of the Company or its subsidiaries or any of their respective associates (as defined under the Listing Rules).

(7) Pricing mechanism

The New H Shares will be issued at a price to be determined by the Board after taking into account the interests of existing Shareholders, investors' capabilities and the potential issuance risks, as well as the market practice and applicable regulatory requirements, and with reference to the capital market conditions and the valuations of comparable companies at the time when the Company issues the New H Shares, provided that the issue price will be not lower than 80% of the average closing price of the H Shares as quoted on the Stock Exchange over the last five trading days prior to the date of determining such issue price.

(8) Method of subscription

The New H Shares are to be subscribed by the investors in cash, and to be issued/placed in accordance with the terms of the subscription agreement(s) to be entered into between the Company and the investor(s), or be issued/placed in accordance with the terms of the issuance/placing agreement(s) to be entered into between the Company and the issuance/placing agent(s) in relation to the New H Shares Issue.

(9) Size of issuance

The Company will issue not more than 805,591,836 New H shares. Assuming the maximum 805,591,836 New H Shares are issued, the New H Shares will represent not more than approximately 79.35% of the total number of H Shares in issue and 25% of the total number of Shares in issue of the Company as at the date of this announcement, respectively; or not more than approximately 20% of the total number of Shares in issue of the Company as enlarged by the New H Shares Issue.

Prior to the New H Shares Issue, the total number of Shares in issue of the Company is 3,222,367,344 Shares, in which the number of H Shares is 1,015,258,400 Shares; upon the completion of the New H Shares Issue (assuming the maximum 805,591,836 New H Shares are issued), the total number of Shares in issue of the Company will be 4,027,959,180 Shares, in which the number of H Shares will be 1,820,850,236 Shares and the number of Domestic Shares will remain unchanged as 2,207,108,944 Shares.

(10) Accumulated profits

Any accumulated profits of the Company which remain undistributed prior to the New H Shares Issue shall be for the benefit of all Shareholders of the Company (including the target investors of the New H Shares) in proportion to their respective shareholdings in the Company.

(11) Use of proceeds

The proceeds of the New H Shares Issue, after deducting relevant expenses, will be all used to supplement the capital of the Company, including but not limited to repaying the Company's debts, supplementing the working capital of the Company, investing in projects and other use in accordance with applicable PRC laws and regulations and policy requirements.

(12) Ranking of the New H Shares

The New H Shares shall rank *pari passu* with the H Shares in issue prior to such issuance once the New H Shares are fully paid.

(13) Place of the listing of the New H Shares

The New H Shares will be listed and traded on the Stock Exchange.

(14) Validity period of the resolutions

The resolutions relating to the New H Shares Issue will be valid for 12 months, commencing from the date of passing of the relevant resolutions at the EGM and the Class Meetings.

(15) Other relevant authorization

The Board will seek the Shareholders' authorization at the EGM and the Class Meetings respectively to authorize the Board and the persons delegated by the Board to deal with and complete all the matters in relation to the New H Shares Issue with full authority during the validity period of the resolutions relating to the New H Shares Issue. Such matters include but are not limited to:

- (1) execute and submit all the relevant applications, reports and other documents to the CSRC, the Stock Exchange and other relevant PRC and overseas authorities and deal with all the relevant examination, registration, filing, approval and permission;

- (2) be responsible for determining the terms of the New H Shares Issue, including the determination of the actual size, issue price (including the price range and final price), timing, method, actual use of proceeds and target placee(s) and/or subscriber(s) of the New H Shares Issue, the execution, implementation, modification and termination of any agreement, contract or other documents in relation to the exercise of the Specific Mandate to issue the New H Shares, making adjustment to the use of proceeds of the New H Shares Issue, and any other relevant matters;
- (3) be responsible for negotiating and entering into subscription agreement(s) with investor(s) or issuance/placing agreement(s) with the issuance/placing agent(s) in relation to the New H Shares Issue, and approving any revision or amendments to such subscription agreement(s) or issuance/placing agreement(s) (including any supplemental agreement(s), where applicable);
- (4) be responsible for dealing with all the matters in relation to obtaining all the approvals and permissions from the CSRC, the Stock Exchange and/or any other relevant PRC and overseas authorities in relation to the New H Shares Issue;
- (5) depending on the requirements at the time of the issuance, recruit and engage the global coordinator(s), underwriter(s), placing agent(s), domestic and overseas intermediaries and other professional parties for the New H Shares Issue, and sign, implement suspend or terminate the recruitment or engagement agreements or other related legal documents;
- (6) make appropriate amendments to the terms of the New H Shares Issue in light of the specific circumstances and pursuant to the approval(s) by the relevant regulatory authorities;
- (7) execute, implement, amend and complete the documents in relation to the New H Shares Issue and do such act as necessary and appropriate in relation to the New H Shares Issue;
- (8) approve the publication of relevant announcement(s), circular(s) and notice(s) in relation to the New H Shares Issue on the websites of the Stock Exchange, the Company or other legally required intermediaries, respectively, and the submission of relevant forms, files or other documents to the Stock Exchange;
- (9) obtain from the Stock Exchange the approval for listing of and permission to deal in all of the New H Shares to be issued and allotted pursuant to the New H Shares Issue on the Main Board of the Stock Exchange;
- (10) amend relevant articles of the Articles of Association in accordance with the actual results of the New H Shares Issue and deal with the relevant registration and filing procedures with the relevant industry and commerce administration authorities; and
- (11) do other acts as necessary and appropriate in relation to the New H Shares Issue and the listing of all of the New H Shares on the Stock Exchange.

Upon the authorization by the Shareholders at the EGM and the Class Meetings as mentioned above, the Board will delegate such authorization to Mr. Li Sze Lim (李思廉) (an executive Director) or his authorized person(s), severally or jointly, to exercise the authorization granted by the Shareholders to the Board as mentioned above.

Depending on market conditions, the Board may or may not exercise the proposed Specific Mandate, if granted, to issue the New H Shares. If the Board proceeds with the New H Shares Issue pursuant to the Specific Mandate, a separate announcement will be made.

Conditions to the New H Shares Issue

The New H Shares Issue is conditional upon:

- (1) the grant of the proposed Specific Mandate by the Shareholders to the Board having been obtained at the EGM and the Class Meetings;
- (2) the approval of the proposed issue of the New H Shares pursuant to the proposed Specific Mandate by the relevant PRC administrative and/or regulatory authorities, including the CSRC;
- (3) the entering into of the issuance/placing agreement(s) between the Company and the issuance/placing agent(s) and the subscription agreement(s) between the Company and the investor(s) (as the case may be) and such issuance/placing agreement(s) and subscription agreement(s) (as the case may be) not being terminated in accordance with the terms therein; and
- (4) the Listing Committee of the Stock Exchange granting listing of and permission to deal in all of the New H Shares to be issued and allotted pursuant to the New H Shares Issue.

Listing Application

An application will be made by the Company for the listing of, and the permission to deal in, the New H Shares on the Stock Exchange.

Reasons for and Benefits of the New H Shares Issue

The Board and senior management of the Company consider that the New H Shares Issue is highly beneficial to the Company by providing long-term capital, which will facilitate the Company's steady development and mitigate current volatile macro environments that affect various financing markets. The New H Shares Issue will also significantly recapitalize the Company's capital structure to strengthen its financing profile that will in turn greatly improve the credit rating outlook and enhance funding opportunities at much lower costs of financing.

From a shareholding perspective, the Company has not issued any form of equity since 2006. The current relative small H Share public float or highly geared capital structure cannot attract new strategic and long-term investors. The New H Shares Issue will resolve this issue.

Possible Effects of the New H Shares Issue on the Shareholding Structure of the Company

Assuming that the New H Shares Issue is approved and all 805,591,836 New H Shares are permitted for issuance and are issued, and there is no other change to the share capital of the Company prior to completion of the New H Shares Issue, the shareholding structure of the Company as at the date of this announcement and immediately after the completion of the New H Shares Issue is set out as follows:

	As at the date of this announcement		Immediately upon completion of the New H Shares Issue	
	Number of Shares	Approximate percentage of the Company's issued share capital	Number of Shares	Approximate percentage of the Company's issued share capital
Domestic Shares	2,207,108,944	68.49%	2,207,108,944	54.79%
H Shares	1,015,258,400	31.51%	1,015,258,400	25.21%
New H Shares	–	–	805,591,836	20.00%
Total	<u>3,222,367,344</u>	<u>100%</u>	<u>4,027,959,180</u>	<u>100%</u>

Equity Fund Raising Activities in the Past 12 months

The Company has not conducted any equity fund raising activities during the past 12 months immediately preceding the date of this announcement.

PROPOSED CONSEQUENTIAL AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The existing registered capital of the Company is set out in the Articles of Association. Upon completion of the New H Shares Issue, the number of H Shares in issue, the registered capital and the capital structure of the Company will change and therefore consequential amendments to the Articles of Association are necessary. The Board will seek the Shareholders' authorization at the EGM to authorize the Board and the persons delegated by the Board to implement the proposed amendments to the Articles of Association consequential to the New H Shares Issue and deal with the relevant registration and filing procedures with the relevant industry and commerce administration authorities and other related matters in relation to the implementation of the resolutions passed at the EGM, Class Meetings and the Board meetings during the validity period of the resolutions relating to the New H Shares Issue.

GENERAL

The Company will convene the EGM and Class Meetings to seek approval from Shareholders for the grant of the Specific Mandate to proceed with the New H Shares Issue and the proposed consequential amendments to the Articles of Association, as the case may be. Other than approval from Shareholders at the EGM and the Class Meetings, the New H Shares Issue is also subject to other conditions as set out under the sub-section headed “*Proposed Issue of New H Shares under Specific Mandate – Conditions to the New H Shares Issue*” in this announcement.

Under the Listing Rules, no Shareholders are required to abstain from voting at the EGM and the Class Meetings.

A circular containing, among other things, details of the Specific Mandate and the New H Shares Issue will be despatched to the Shareholders as soon as practicable in accordance with the Articles of Association, the Listing Rules and the applicable requirements under PRC laws and regulations.

In view that the New H Shares Issue is subject to certain conditions and accordingly may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the H Shares or other securities of the Company.

DEFINITIONS

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

“Articles of Association”	the articles of association of the Company as amended from time to time
“Board”	the board of Directors of the Company
“Class Meetings”	the respective class meetings (or any adjournment thereof) of the holders of the H Shares and the holders of the Domestic Shares to be convened for the purpose of considering and, if thought fit, approving the grant of the Specific Mandate to proceed with the New H Shares Issue
“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
“CSRC”	China Securities Regulatory Commission
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	issued ordinary share(s) in the share capital of the Company, with a nominal value of RMB0.25 each, which are subscribed for or credited as fully paid in RMB

“EGM”	the extraordinary general meeting (or any adjournment thereof) of the Company to be held for the purpose of considering and, if thought fit, approving (i) the grant of the Specific Mandate to proceed with the New H Shares Issue and (ii) the proposed amendments to the Articles of Association
“H Share(s)”	overseas listed foreign ordinary share(s) in the share capital of the Company, with a nominal value of RMB0.25 each, which are listed on the Main Board of the Stock Exchange
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New H Shares”	not more than 805,591,836 new H Shares proposed to be issued upon the exercise of the Specific Mandate
“New H Shares Issue”	the proposed issue of the New H Shares
“PRC”	the People’s Republic of China, excluding, for the purpose of his announcement only, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Domestic Shares and H Shares
“Shareholder(s)”	shareholder(s) of the Company
“Specific Mandate”	the specific mandate proposed to be granted to the Board by the Shareholders at the EGM and the Class Meetings in relation to the New H Shares Issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 5 November 2018

As at the date of this announcement, the executive directors of the Company are Dr. Li Sze Lim, Mr. Zhang Li, Mr. Zhou Yaonan and Mr. Lu Jing; 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