

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.



GROUND PROPERTIES COMPANY LIMITED

廣澤地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 989)

DISCLOSEABLE TRANSACTION

PROVISION OF COUNTER GUARANTEE TO JILIN CREDIT GUARANTEE

On 29 September 2016 (after trading hours of the Stock Exchange), the Company entered into the Counter Guarantee Agreement with Jilin Credit Guarantee, pursuant to which the Company agreed to provide the Counter Guarantee in favour of Jilin Credit Guarantee for its obligations under the Guarantee to guarantee the payment obligations and liabilities of Yanji Huize under the Syndicate Loan Agreement.

The Syndicate Loan Agreement was entered into among the Financial Institutions and Yanji Huize on 28 May 2016, pursuant to which the Financial Institutions have agreed to provide a syndicate loan in the principal amount of up to RMB240,000,000 (equivalent to approximately HK\$278,400,000) to Yanji Huize. On the same date, the Guarantee was entered into among the Financial Institutions and Jilin Credit Guarantee, pursuant to which Jilin Credit Guarantee agreed to provide guarantee for the payment obligations and liabilities of Yanji Huize under the Syndicate Loan Agreement. Pursuant to the Guarantee Service Agreement entered into between Yanji Huize and Jilin Credit Guarantee dated 30 May 2016, Yanji Huize agreed to pay an annual guarantee fee in the amount of RMB4,800,000 (equivalent to approximately HK\$5,568,000) and a refundable security deposit in the amount of RMB12,000,000 (equivalent to approximately HK\$13,920,000) to Jilin Credit Guarantee for the Guarantee and Yanji Huize shall arrange counter guarantee in favour of Jilin Credit Guarantee.

As certain applicable percentage ratios in respect of the aggregate amount involved under the Counter Guarantee Agreement and the Guarantee Service Agreement are more than 5% but less than 25%, the provision of the Counter Guarantee constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

On 29 September 2016 (after trading hours of the Stock Exchange), the Company entered into the Counter Guarantee Agreement with Jilin Credit Guarantee, pursuant to which the Company agreed to provide the Counter Guarantee in favour of Jilin Credit Guarantee for its obligations under the Guarantee to guarantee the payment obligations and liabilities of Yanji Huize under the Syndicate Loan Agreement.

The Syndicate Loan Agreement was entered into among the Financial Institutions and Yanji Huize on 28 May 2016, pursuant to which the Financial Institutions had agreed to provide a syndicate loan in the principal amount of up to RMB240,000,000 (equivalent to approximately HK\$278,400,000) to Yanji Huize. On the same date, the Guarantee was entered into among the Financial Institutions and Jilin Credit Guarantee, pursuant to which Jilin Credit Guarantee agreed to provide guarantee for the payment obligations and liabilities of Yanji Huize under the Syndicate Loan Agreement. Set out below are the major terms of the syndicate loan granted under the Syndicate Loan Agreement:

Loan amount	:	Principal amount up to RMB240,000,000
Interest rate	:	Fixed annual interest rate of 6.65%
Availability period	:	A period of up to two years commencing from the date of the Syndicate Loan Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Financial Institutions and their ultimate beneficial owners is an Independent Third Party.

Pursuant to the Guarantee Service Agreement entered into between Yanji Huize and Jilin Credit Guarantee dated 30 May 2016, Yanji Huize agreed to pay an annual guarantee fee in the amount of RMB4,800,000 (equivalent to approximately HK\$5,568,000) and a refundable security deposit in the amount of RMB12,000,000 (equivalent to approximately HK\$13,920,000) to Jilin Credit Guarantee for the Guarantee and Yanji Huize shall arrange counter guarantee in favour of Jilin Credit Guarantee.

THE COUNTER GUARANTEE AGREEMENT

Principal terms of the Counter Guarantee Agreement are summarised below:

Date	:	29 September 2016
Parties	:	(1) the Company as the guarantor; and (2) Jilin Credit Guarantee as the beneficiary.

Jilin Credit Guarantee is a state-owned enterprise engaged in providing financial guarantee to private enterprises in Jilin Province. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Jilin Credit Guarantee and its ultimate beneficial owner(s) is an Independent Third Party.

Obligations under the Counter Guarantee : The Company shall indemnify Jilin Credit Guarantee for all liabilities and expenses which may be incurred by Jilin Credit Guarantee under the Guarantee (i.e. up to an aggregate of RMB240,000,000 (equivalent to approximately HK\$278,400,000)) together with any interests, penalty, compensation and related fees and expenses which may be payable by Jilin Credit Guarantee under the Guarantee.

Counter Guarantee period : From the date of the Counter Guarantee Agreement to two years after the date on which the Guarantee has been discharged.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE COUNTER GUARANTEE

The Group is principally engaged in the development, sale and leasing of residential, commercial and tourism properties; and the provision of telecommunications retail sales and management services. Yanji Huize, an indirect wholly-owned subsidiary of the Company, is a project company established in the PRC which is principally engaged in the development of a property project namely, Guangze Red House (廣澤紅府), in Yanji City, Jilin Province. As Guangze Red House is in the pre-sale stage of the project, Yanji Huize did not use any of its assets as securities to obtain such syndicated loan; and instead, the loan was guaranteed by Jilin Credit Guarantee.

Pursuant to the Guarantee Service Agreement, a separate agreement in respect of a counter guarantee in favour of Jilin Credit Guarantee shall be entered into. In August 2016, subsequent to Yanji Huize becoming a wholly-owned subsidiary of the Company, Jilin Credit Guarantee requested the Company to provide counter guarantee. The Counter Guarantee given by the Company is a back-to-back guarantee to indemnify Jilin Credit Guarantee for all its liabilities and expenses, including the principal and interest of the loan, any penalties, damages and expenses which may be payable by Jilin Credit Guarantee under the Guarantee, the purpose of which is to guarantee the payment obligations and liabilities of Yanji Huize under the Syndicate Loan Agreement. Further, each of the syndicated loan, the Guarantee or the Counter Guarantee is not secured by any assets of the Group. As such, the Directors consider that the terms and conditions of the Counter Guarantee Agreement are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As certain applicable percentage ratios in respect of the aggregate amount involved under the Counter Guarantee and the Guarantee Service Agreement are more than 5% but less than 25%, the provision of the Counter Guarantee constitutes a discloseable transaction of 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 words and phrases have the following meanings:

“Board”	the board of Directors
“Company”	Ground Properties Company Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Counter Guarantee”	the counter guarantee provided by the Company to Jilin Credit Guarantee pursuant to the Counter Guarantee Agreement
“Counter Guarantee Agreement”	the counter guarantee agreement dated 29 September 2016 executed by the Company in favour of Jilin Credit Guarantee as beneficiary in respect of all the liabilities and expenses, including the principal and interest of the loan, any penalties, damages and expenses which may be payable by Jilin Credit Guarantee under the Guarantee
“Director(s)”	director(s) of the Company
“Financial Institutions”	Five financial institutions, which are either banks or Rural Credit Cooperatives Union (農村信用合作社) established in the PRC
“Group”	the Company and its subsidiaries

“Guarantee”	the guarantee executed by Jilin Credit Guarantee in favour of the Financial Institutions as beneficiary in respect of the payment obligations of Yanji Huize under the Syndicate Loan Agreement including any interests, penalty, compensation and related fees and expenses payable by Yanji Huize under the Syndicate Loan Agreement
“Guarantee Service Agreement”	the guarantee service agreement dated 30 May 2016 and entered into between Jilin Credit Guarantee and Yanji Huize in relation to the guarantee service provided by Jilin Credit Guarantee to Yanji Huize
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected person(s)
“Jilin Credit Guarantee”	吉林省信用擔保投資集團有限公司 (Jilin Province Credit Guarantee Investment Group Co., Ltd.*), a state-owned enterprise established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Syndicate Loan Agreement”	the syndicate loan agreement entered into among the Financial Institutions and Yanji Huize on 28 May 2016, pursuant to which the Financial Institutions granted a syndicated loan of RMB240,000,000 to Yanji Huize
“Yanji Huize”	延吉市惠澤房地產開發有限公司 (Yanji Huize Real Estate Development Company Limited*), a limited liability company established in the PRC, an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

* *In this announcement, the English names of the PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

In this announcement, amounts denominated in RMB have been translated into HK\$ at the rate of RMB1.00 = HK\$1.16 for illustration purpose only.

By order of the Board
Ground Properties Company Limited
Chai Xiu
Chairperson

Hong Kong, 29 September 2016

As at the date of this announcement, the executive Directors of the Company are Ms. Chai Xiu, Ms. Cui Xintong, Mr. Wang Guanghui and Mr. Huang Bingxing; and the independent non-executive Directors of the Company are Mr. Chan Yuk Tong, Mr. Mei Jianping and Mr. Xiang Qiang.