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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **GR Properties Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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GR PROPERTIES LIMITED

國 銳 地 產 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 108)

**(1) PROPOSED ADOPTION OF SHARE OPTION SCHEME;
(2) PROPOSED CAPITAL REDUCTION;
AND
(3) NOTICE OF GENERAL MEETING**

A notice convening a general meeting of the Company to be held at Capital Conference Services Limited at Suite 2418, 24/F, Jardine House, 1 Connaught Place, Central, Hong Kong on 7 November 2016, at 3:00 p.m. is set out on pages GM-1 to GM-3 of this circular. A form of proxy for use at the general meeting is enclosed with this circular.

Whether or not you are able to attend the general meeting, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the share registrar of the Company, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the general meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the general meeting or any adjournment thereof (as the case may be) should you so wish and in such event, the form of proxy will be deemed to have been revoked.

21 October 2016

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DEFINITIONS

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

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| “Accumulated Losses” | the accumulated realised losses of the Company standing in the accounts of the Company |
| “Adoption Date” | the date on which the Share Option Scheme is conditionally adopted by ordinary resolution of the Shareholders in the General Meeting |
| “Articles of Association” | the articles of association of the Company |
| “associate(s)” | has the meanings ascribed to it under the Listing Rules |
| “Auditors” | means the auditors for the time being of the Company |
| “Board” | means the board of Directors |
| “Business Day(s)” | means any day(s) (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are generally open for business in Hong Kong |
| “Capital Reduction” | the reduction of the credit standing to the share capital account of the Company proposed to be adopted by the Company at the General Meeting |
| “close associate(s)” | has the meanings ascribed to it under the Listing Rules |
| “Companies Ordinance” | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) |
| “Company” | means GR Properties Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 108) |
| “connected person(s)” | has the meanings ascribed to it under the Listing Rules |
| “core connected person(s)” | has the meanings ascribed to it under the Listing Rules |
| “Court” | the Court of First Instance of the High Court of Hong Kong |

DEFINITIONS

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|---------------------------|---|
| “Eligible Participant(s)” | <p>the person(s) who may be granted by the Directors to take up Options including:</p> <ul style="list-style-type: none">(a) any employee or director of the Group (who is in full-time or part-time employment with the Group at the time when an Option is granted to such employee or director);(b) any Substantial Shareholder of the Company;(c) any advisor, consultant, service provider, agent, customer, supplier, partner, joint-venture partner; and(d) any other person who, in the sole discretion of the Board, has contributed or may contribute to the Group |
| “General Meeting” | <p>the general meeting of the Company to be held at Capital Conference Services Limited at Suite 2418, 24/F, Jardine House, 1 Connaught Place, Central, Hong Kong on 7 November 2016, at 3:00 p.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the General Meeting which is set out on pages GM-1 to GM-3 of this circular</p> |
| “Grantee(s)” | <p>any Eligible Participant(s) who accept(s) an Offer in accordance with the terms of the Share Option Scheme</p> |
| “Group” | <p>the Company and its Subsidiaries</p> |
| “HK\$” | <p>Hong Kong dollars, the lawful currency of Hong Kong</p> |
| “Hong Kong” | <p>the Hong Kong Special Administrative Region of the People’s Republic of China</p> |
| “Latest Practicable Date” | <p>19 October 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein</p> |
| “Listing Rules” | <p>The Rules Governing the Listing of Securities on the Stock Exchange</p> |
| “Offer” | <p>an offer for the grant of an Option made in accordance with the Share Option Scheme</p> |
| “Offer Date” | <p>the date on which an Offer is made to an Eligible Participant</p> |

DEFINITIONS

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|------------------------------|---|
| “Option(s)” | as the context may require, any option(s) granted or (as the case may be) to be granted to Eligible Participant(s) to subscribe for Share(s) under the Share Option Scheme |
| “Option Period” | in respect of any particular Option, a period of not more than 10 years after the Offer Date to be notified by the Board to each Grantee which period of time shall commence on the Offer Date and expire on the last day of such period as determined by the Board |
| “Registrar” | The Registrar of Companies in Hong Kong |
| “Share(s)” | the ordinary share(s) in the issued share capital of the Company |
| “Share Option Scheme” | the share option scheme proposed to be adopted by the Company at the General Meeting for the benefit of the Group and the Eligible Participants, a summary of the principal terms of which is set out in the Appendix to this circular |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subsidiary(ies)” | The company(ies) which is/are for the time being and from time to time a subsidiary of the Company as defined under the Listing Rules whether incorporated in Hong Kong or elsewhere |
| “Substantial Shareholder(s)” | has the meanings ascribed to it under the Listing Rules |
| “%” | per cent |

LETTER FROM THE BOARD



GR PROPERTIES LIMITED

國銳地產有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 108)

Executive Directors:

Mr. Wei Chunxian (*Chairman*)
Mr. Sun Zhongmin
Ms. Liu Shuhua (*Chief Executive Officer*)

Independent non-executive Directors:

Mr. Tung Woon Cheung Eric
Mr. Guan Zheng Michael
Mr. Chui Tsan Kit

Registered office:

Suite 1603, 16th Floor
Wheelock House
20 Pedder Street
Central
Hong Kong

21 October 2016

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED ADOPTION OF SHARE OPTION SCHEME;
(2) PROPOSED CAPITAL REDUCTION;
AND
(3) NOTICE OF GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 5 October 2016.

The purpose of this circular is to provide you with information relating to, among other matters, (i) the proposal for the adoption of the Share Option Scheme; (ii) the proposal for the Capital Reduction; and (iii) to give you notice of the General Meeting. At the General Meeting, an ordinary resolution relating to the adoption of the Share Option Scheme and a special resolution relating to the adoption of the Capital Reduction will be proposed.

PROPOSED ADOPTION OF THE SHARE OPTION SCHEME

The purpose of the Share Option Scheme

The Board proposes to adopt the Share Option Scheme pursuant to Chapter 17 of the Listing Rules, and an ordinary resolution will be proposed at the General Meeting for the adoption of the Share Option Scheme.

LETTER FROM THE BOARD

The Directors consider that the Share Option Scheme will enable the Company to (i) incentivise and reward those who have contributed or may contribute to the development of the Group; and (ii) attract and retain skilled and experienced personnel and motivate them to strive for the future development of the Group by providing them with an opportunity to acquire proprietary interests in the Company thereby linking their interest with that of the Group. As at the Latest Practicable Date, none of the Company or any of its Subsidiaries has adopted any share option scheme pursuant to the Listing Rules.

Principal terms of the Share Option Scheme

The Share Option Scheme will be valid for 10 years from the date on which it becomes unconditional and is adopted by the Board. The Share Option Scheme does not provide for any minimum period for holding of Options or any performance target before the exercise of any Option, but the Board may add such terms at the time of the grant of any Option to provide appropriate incentives to the Eligible Participants for their contribution to the Group. Under the Share Option Scheme, the Board will have discretion in determining the subscription price (subject to the Listing Rules) in respect of any Option. The Directors are of the view that the flexibility given to the Directors to determine the subscription price will place the Group in a better position to incentivise or reward the Eligible Participants that are valuable to the growth and development of the Group as a whole.

The principal terms of the Share Option Scheme are set out in the Appendix to this circular on pages 12 to 20. A copy of the Share Option Scheme is available for inspection at the Company's registered office at Suite 1603, 16th Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong during normal business hours for the period from 21 October 2016 to 7 November 2016 (inclusive of both dates) and at the General Meeting.

Conditions of the Share Option Scheme

Adoption of the Share Option Scheme is subject to (among other conditions) the passing of the necessary resolution by Shareholders at the General Meeting to approve its adoption and to authorise the Directors to grant Options thereunder and to issue and allot Shares upon the exercise of the subscription rights attaching to the Options granted pursuant to the Share Option Scheme (if adopted at the General Meeting).

The adoption of the Share Option Scheme will also be conditional upon the Stock Exchange granting the listing of, and permission to deal in, any Shares (which may fall to be issued pursuant to the exercise of the subscription rights attaching to the Options) on the Stock Exchange (which may be subject to conditions and limitations). Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Options which may be granted under the Share Option Scheme.

None of the Directors is and will be trustee of the Share Option Scheme or has a direct or indirect interest in the trustee. In addition, no Director has a material interest in the proposed adoption of the Share Option Scheme and therefore none of the Directors are required to abstain from voting on the ordinary resolution in this respect to be considered

LETTER FROM THE BOARD

and approved by Shareholders at the General Meeting. With respect to the operation of the Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

Value of the Options

The Directors consider that it is not appropriate to state the value of the Options that can be granted pursuant to the Share Option Scheme as if they had been granted on the Latest Practicable Date since a number of variables which are fundamental for the calculation of the value of the Options cannot be determined as at the Latest Practicable Date. Such variables include the exercise price, the exercisable period, any conditions which the Options are subject to and certain other relevant variables. The Directors believe that any statement regarding the value of the Options based on the variables and a large number of assumptions will not be meaningful and may be misleading to the Shareholders.

Scheme mandate limit and maximum number of Shares issuable

Subject to Shareholders' approval of the adoption of the Share Option Scheme and pursuant to Rule 17.03 of the Listing Rules, the total number of Shares which may be issued upon the exercise of all the options to be granted under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the issued share capital of the Company as at the date of approval of the adoption of the Share Option Scheme initially. Based on 897,420,738 Shares in issue as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company before the General Meeting, the maximum number of Shares to be issued upon the exercise of Options that may be granted under the Share Option Scheme under such initial mandate limit is 89,742,073 Shares. The Company may seek approval of the Shareholders in general meetings to refresh the 10% initial mandate limit. Notwithstanding that the mandate limit may be refreshed, the Board shall not grant Options which would result in the maximum aggregate number of Shares which may be issued upon exercise of all the outstanding options granted but yet to be exercised under the Share Option Scheme and any other share option schemes of the Company which entitle the holders to acquire or subscribe for Shares exceeding, in aggregate, 30% of the issued share capital of the Company from time to time.

CAPITAL REDUCTION

The purpose of the Capital Reduction

The Capital Reduction involves the reduction of the credit standing to the share capital account of the Company by an amount of HK\$700,000,000. The credit arising from the Capital Reduction, if effected, will be utilised to offset the entire amount of the Accumulated Losses of HK\$675,781,658 as at 30 June 2016 with the remaining balance of such credit arising from the Capital Reduction of HK\$24,218,342 to be retained at the capital reduction reserve account of the Company.

LETTER FROM THE BOARD

Effects of the Capital Reduction

Based on the audited financial statements of the Company for the year ended 31 December 2015, the total Accumulated Losses of the Company amounted to HK\$643,478,682 as at 31 December 2015. According to the unaudited management accounts of the Company for the six months ended 30 June 2016, the total Accumulated Losses of the Company amounted to HK\$675,781,658 as at 30 June 2016.

The Capital Reduction, if effected, will be utilised to offset the entire amount of the Accumulated Losses of HK\$675,781,658 as at 30 June 2016 with the remaining balance of such credit arising from the Capital Reduction of HK\$24,218,342 to be retained at the capital reduction reserve account of the Company.

As at 30 June 2016 and the Latest Practicable Date, the Company had an issued and paid-up share capital of HK\$1,219,965,063. Upon the completion of the Capital Reduction and assuming no further Shares will be issued from the Latest Practicable Date to the date when the Capital Reduction becomes effective, the Company will have an issued and paid-up share capital of HK\$519,965,063.

Save for the expenses incurred by the Company in relation to the Capital Reduction, the implementation of the Capital Reduction will not, in itself, alter the underlying assets, business operations, management of the Company or the proportionate interests or voting rights of the Shares held by the Shareholders immediately prior to the Capital Reduction becoming effective. The Board considers that the Capital Reduction will not have any material adverse effect on the financial position of the Group.

In addition, the Capital Reduction does not involve the diminution of any liability in respect of any unpaid capital of the Company nor does it involve the repayment to the Shareholders of any paid-up capital of the Company. There will be no change in the number of Shares held by Shareholders immediately before and after the completion of the Capital Reduction. Accordingly, Shares held by the Shareholders will not be affected.

The implementation of the Capital Reduction will not result in any adjustment to the (i) number of the Shares subject to an Option under the Share Option Scheme; (ii) subscription price; or (iii) maximum number of Shares available for subscription in relation to the outstanding Options granted under the Share Option Scheme based on the rules of the Share Option Scheme proposed to be adopted. As at the Latest Practicable Date, the Company had no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

LETTER FROM THE BOARD

Set out below, for illustrative purpose only, is a simplified statement showing the proposed movement of the equity of the Company before and after the Capital Reduction taking effect, based on the Company's position as at 30 June 2016.

| | As at 30 June 2016 | Immediately after the Capital Reduction taking effect and the application of credit arising from the Capital Reduction to a capital reduction reserve account | Immediately after setting off against the Accumulated Losses as at 30 June 2016 |
|------------------------------------|-------------------------------|--|--|
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Share capital (<i>Note 2</i>) | 1,219,965 | 519,965 | 519,965 |
| Capital reduction reserve | — | 700,000 | 24,218 |
| Capital reserve | 7,550 | 7,550 | 7,550 |
| Accumulated Losses | <u>(675,782)</u> | <u>(675,782)</u> | <u>—</u> |
| Total equity of the Company | <u><u>551,733</u></u> | <u><u>551,733</u></u> | <u><u>551,733</u></u> |

Notes:

1. This table does not take into account expenses that will be incurred by the Company in relation to the Capital Reduction.
2. In June 2016, HK\$104,375,039, representing the net proceeds from the placing of new shares under general mandate of the Company (first announced on 21 April 2016 and completed on 10 May 2016) was credited to the issued share capital of the Company.

Conditions of the Capital Reduction

The Capital Reduction is subject to the satisfaction of, among other things, the following conditions:

- (i) all the Directors making a solvency statement in relation to the Capital Reduction in accordance with the Companies Ordinance;
- (ii) the passing of a special resolution by the Shareholders in the General Meeting approving the Capital Reduction;
- (iii) the publication of a notice of capital reduction in the Gazette and the newspapers as required under the Companies Ordinance;
- (iv) the delivery to the Registrar for registration of the solvency statement in relation to the Capital Reduction in accordance with the Companies Ordinance;

LETTER FROM THE BOARD

- (v) no application has been made to the Court for cancellation of the special resolution in respect of the Capital Reduction by members or creditors of the Company within a five-week period after the date of the special resolution or in the event of such application, the Court making an order to confirm the special resolution; and
- (vi) the registration of the relevant documents with the Registrar within the prescribed timeframe in accordance with the Companies Ordinance.

Assuming that all of the above conditions are fulfilled, it is expected that the Capital Reduction will become effective immediately following the registration of the relevant documents with the Registrar as referred to in condition (vi) above.

Reasons for the Capital Reduction

As at 30 June 2016, according to the unaudited management accounts of the Company for the six months ended 30 June 2016, the Accumulated Loss of the Company amounted to approximately HK\$675,781,658. The Accumulated Losses were mainly attributable to the recognition of impairment loss on goodwill, imputed interest expenses on convertible bonds and loss on disposal of Subsidiaries incurred and accumulated in the past. Accordingly, the Board proposed that the credit arising from the Capital Reduction to be applied to offset the entire Accumulated Losses of HK\$675,781,658 as at 30 June 2016 with the remaining balance of such credit to be retained at the capital reduction reserve account of the Company.

The Capital Reduction, if implemented, would enable the Company to have a capital structure which allows payments of dividends and/or the undertaking of any corporate action which requires the application of the distributable reserves of the Company. Based on the reasons and the effects of the Capital Reduction set out above, the Board considers that the Capital Reduction is in the interest of the Company and the Shareholders as a whole.

As the Capital Reduction is subject to the fulfillment of the conditions abovementioned, it may or may not become effective. Shareholders and potential investors are advised to exercise extreme caution when dealing in the securities of the Company. In addition, it should be noted that the dividend policy of the Company is subject to the discretion of the Board after taking into account a number of factors, such as the Company's operations and earnings, capital requirements and surplus, general financial condition and future development requirements, etc. There can be no assurance that any dividend will be declared or paid in the future even if the Capital Reduction has become effective.

LETTER FROM THE BOARD

GENERAL MEETING

A notice convening the General Meeting to be held at Capital Conference Services Limited at Suite 2418, 24/F, Jardine House, 1 Connaught Place, Central, Hong Kong on 7 November 2016, at 3:00 p.m. is set out on pages GM-1 to GM-3 of this circular.

A form of proxy for use at the General Meeting is enclosed with this circular. Such form of proxy is also published on the designated website of the Stock Exchange (<http://www.hkexnews.hk>) and on the website of the Company (<http://www.grproperties.com.hk>). Whether or not you are able to attend the General Meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the share registrar of the Company, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the General Meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the General Meeting or any adjournment thereof (as the case may be) should you so wish and in such event, the form of proxy will be deemed to have been revoked.

VOTING BY POLL

At the General Meeting, an ordinary resolution relating to the adoption of the Share Option Scheme and a special resolution relating to the adoption of the Capital Reduction will be proposed. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the adoption of the Share Option Scheme and the adoption of the Capital Reduction. As such, no Shareholder is required to abstain from voting on the resolutions approving the Share Option Scheme and the Capital Reduction, respectively.

Pursuant to Rule 13.39(4) of the Listing Rules, the chairman of the General Meeting will exercise his right to demand a poll on each of the resolutions to be proposed at the General Meeting except where the chairman of the General Meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. After closure of the General Meeting, the poll results will be published on the websites of the Stock Exchange and the Company.

RECOMMENDATION

The Directors are of the opinion that the resolutions to approve the adoption of the Share Option Scheme and the Capital Reduction as set out in the notice of the General Meeting are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of each of all the resolutions to be proposed at the General Meeting for the purpose of approving the adoption of the Share Option Scheme and the Capital Reduction.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,
For and on behalf of the Board
Wei Chunxian
Chairman

The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor is it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(1) PURPOSE OF THE SHARE OPTION SCHEME

The purpose of the Share Option Scheme is to (i) incentivise and reward those who have contributed or may contribute to the development of the Group; and (ii) attract and retain skilled and experienced personnel and motivate them to strive for the future development of the Group by providing them with an opportunity to acquire proprietary interests in the Company thereby linking their interest with that of the Group.

(2) GRANT AND ACCEPTANCE OF OPTIONS

Subject to the terms of the Share Option Scheme, the Board may, in its absolute discretion make an offer to the Eligible Participants. An offer shall be made to an Eligible Participant in writing in such form as the Directors may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the Adoption Date or the termination of the same.

An offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant, together with a non-refundable remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the offer (which shall not be later than 21 days from, and inclusive of, the Offer Date).

Any offer may be accepted by an Eligible Participant in respect of less than the total number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof.

(3) MAXIMUM NUMBER OF SHARES AVAILABLE FOR EXERCISE

- (a) Subject to (c) below, the maximum number of Shares in respect of which options may be granted at any time under the Share Option Scheme together with options which may be granted under any other share option schemes for the time being of the Group shall not exceed such number of Shares as equals 10 per cent of the issued share capital of the Company at the date of approval of the Share Option Scheme. On the basis of a total of 897,420,738 Shares in issue as at the Adoption Date, the relevant limit will be 89,742,073 Shares which represent 10 per cent of the issued Shares at the Adoption Date. The Company may seek approval by its Shareholders in general meetings to refresh the 10 per cent limit provided that the total number of Shares available for issue under options which may be granted under the Share Option Scheme and any other schemes of the Group in these circumstances must not exceed 10 per cent of the issued share capital of the Company at the date of approval of refreshing of the limit. Options previously

granted under the Share Option Scheme and any other share option schemes of the Group (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes and exercised options) will not be counted for the purpose of calculating the limit as refreshed.

- (b) The Company may seek separate approval by its Shareholders in general meetings for granting options beyond the 10 per cent limit provided the options in excess of the limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company will send a circular to the Shareholders containing a generic description of such Eligible Participants who may be granted such options, the number and terms of the Options to be granted, the purpose of granting Options to such Eligible Participants with an explanation as to how the terms of the Options serve such purpose, and such information as may be required under the Listing Rules from time to time.
- (c) The limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other options granted and yet to be exercised under any other share option schemes of the Group must not exceed 30 per cent of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of the Group if this will result in the limit being exceeded.
- (d) Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the Options granted to each Grantee (including both exercised and outstanding options) in any 12-month period must not exceed one per cent, of the Shares in issue. Where any further grant of Options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over one per cent of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person (as defined in the Listing Rules)) abstaining from voting. The Company must send a circular to its Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the Options to be granted (and options previously granted to such Eligible Participant), and such information as may be required under the Listing Rules from time to time. The number and terms (including the subscription price) of Options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(4) GRANT OF OPTIONS TO CONNECTED PERSONS

Each grant of Options to any of the Directors, chief executive or Substantial Shareholders of the Company, or any of their respective associates must be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the proposed Grantee of the Options (if any)). Where any grant of options to an independent non-executive Director or a Substantial Shareholder of the Company, or any of his associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of Options must be approved by Shareholders. The Company must send a circular to its Shareholders. The Grantee, his associates and all core connected persons of the Company must abstain from voting at such general meeting, except that any such Grantee, his associates and core connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll. The circular must contain:

- (a) details of the number and terms (including the subscription price) of the Options to be granted to each Eligible Participant, which must be fixed before the Shareholders' meeting and the date of the meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price;
- (b) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of the Options) to the independent Shareholders as to voting; and
- (c) the information as may be required under the Listing Rules from time to time.

Shareholders' approval is also required for any change in the terms of Options granted to an Eligible Participant who is a Substantial Shareholder of the Company or an independent non-executive Director, or any of their respective associates.

(5) SUBSCRIPTION PRICE

The subscription price for Shares under the Share Option Scheme shall be solely determined at the discretion of the Directors but in any event will not be less than the highest of (a) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the Offer Date of the particular option, which

must be a Business Day; (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five Business Days immediately preceding the Offer Date of that particular Option; and (c) the nominal value of a Share on the Offer Date of the particular option.

(6) EXERCISE OF OPTIONS

An Option may be exercised at any time during the period to be determined and identified by the Board to each Grantee at the time of making an Offer for the grant of an Option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme.

Subject to terms of the Share Option Scheme, an Option shall be exercisable in whole or in part in the circumstances by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a non-refundable remittance for the full amount of the subscription price for Shares in respect of which the notice is given. Within 21 days after receipt of the notice and, where appropriate, receipt of the auditors' certificate, the Company shall accordingly allot the relevant number of Shares to the Grantee (or his legal personal representative) credited as fully paid.

Though there is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms and conditions of the Share Option Scheme, the Directors may make such grant of Options, subject to such terms and conditions in relation to the minimum period of such Options to be held and/or the performance targets to be achieved as the Directors may determine in their absolute discretion.

(7) RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

Any grant of Options may not be made after inside information has come to the knowledge of the Company until such inside information has been announced in accordance with the relevant requirements of the Listing Rules. In particular, no Option may be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting for the approval of the Company's interim or annual results; and (ii) the deadline for the Company to publish its interim or annual results announcement and ending on the date of such results announcement.

(8) RIGHTS PERSONAL TO GRANTEES

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement to do so.

(9) RIGHTS ON TERMINATION OF EMPLOYMENT

The Option period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) shall automatically lapse on the date on which the Grantee ceases to be an Eligible Participant by reason of a termination of his employment on any one or more of the grounds that he has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence.

(10) RIGHTS ON DEATH

In the event of the Grantee ceasing to be an Eligible Participant by reason of his death before exercising the Option in full and where the Grantee is any employee of the Group none of the events which would be a ground for termination of his employment under paragraph (9) above arises, his personal representative(s) may exercise the Option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of death, or such longer period as the Directors may determine.

(11) CANCELLATION OF OPTIONS

Where the Company cancels Options and offers new Options to the same Option holder, the offer of such new Options may only be made under the Share Option Scheme with available Options (to the extent not yet granted and excluding the cancelled Options) within the limit approved by the Shareholders as mentioned in paragraph (3) above.

(12) EFFECT OF ALTERATION TO SHARE CAPITAL

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue or other offer of securities to holders of Shares (including any securities convertible into share capital or warrants or options to subscribe for any share capital of the Company, but excluding Options under the Share Option Scheme and options under any other similar employee share option scheme of the Company), consolidation, sub-division or reduction of the share capital of the Company or otherwise howsoever, then, in any such case (other than in the case of capitalisation of profits or reserves) the Company shall instruct the auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:

- (a) the number or nominal amount of Shares to which the Share Option Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or
- (b) the subscription price; and/or
- (c) the maximum number of Shares referred to in paragraph (3); and/or

(d) the method of the exercise of the Option(s),

and an adjustment as so certified by the independent financial adviser or the auditors shall be made, provided that:

- (e) any such adjustment must give a grantee the same proportion of the equity capital as that to which that person was previously entitled;
- (f) any such adjustment shall be made on the basis that the aggregate subscription price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;
- (g) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (h) the issuance of securities of the Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (i) to the advantage in any respect of the Grantee without specific prior approval of the Shareholders.

(13) RIGHTS ON A GENERAL OFFER

If a general or partial offer is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all its best endeavours to procure that such offer is extended to all the Grantees on the same terms, *mutatis mutandis*, and assuming that they will become, by the exercise in full of the Options granted to them, shareholders of the Company. If such offer becomes or is declared unconditional, the grantee shall, notwithstanding any other term on which his Options were granted, be entitled to exercise the Option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company at any time thereafter and up to the close of such offer (or any revised offer).

(14) RIGHTS ON WINDING UP

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as it despatches such notice to each member of the Company give notice thereof to all Grantees (containing an extract of the provisions of this paragraph) and thereupon, each Grantee or his personal representative(s) shall be entitled to exercise all or any of his Options (to the extent not already exercised) at any time not later than two Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and,

in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the grantee credited as fully paid.

(15) RIGHTS ON A COMPROMISE OR ARRANGEMENT

Other than a general or partial offer or a scheme of arrangement contemplated in paragraph (16) below, in the event of a compromise or arrangement between the Company and its members or creditors being proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and any Grantee or his personal representative(s) may by notice in writing to the Company accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given (such notice to be received by the Company not later than two Business Days prior to the proposed meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice.

(16) RIGHTS ON A SCHEME OF ARRANGEMENT

If a general or partial offer by way of scheme of arrangement is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all its best endeavours to procure that such offer is extended to all the Grantees on the same terms, *mutatis mutandis*, and assuming that they will become, by the exercise in full of the Options granted to them, shareholders of the Company. If such scheme of arrangement is formally proposed to the Shareholders, the Grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company at any time thereafter and up to the close of such offer (or any revised offer).

(17) RANKING OF SHARES

Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members ("**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered onto the register of members of the Company as the holder thereof.

(18) DURATION AND ADMINISTRATION OF THE SHARE OPTION SCHEME

The Share Option Scheme shall be valid and effective commencing from the Adoption Date until the termination date as provided therein (which being the close of business of the Company on the date which falls 10 years from the date of the adoption of Share Option Scheme), after which period no further Options will be granted but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. The Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the Share Option Scheme or its interpretation or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

(19) ALTERATION OF TERMS TO THE SHARE OPTION SCHEME

- (a) alterations of the provisions relating to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Eligible Participants without the prior approval of the Shareholders in a general meeting;
- (b) any alteration to the terms and conditions of the provisions of the Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme;
- (c) any change to the authority of the Board or administrator of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in a general meeting; and
- (d) the amended terms of the Share Option Scheme or the Options must still comply with the relevant requirements of the Listing Rules and any guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

(20) LAPSE OF OPTION

The Option Period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) shall automatically lapse on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in paragraphs (9), (10) or (15), where applicable;

- (c) subject to the court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining Shares in the offer, the expiry of the period referred to in paragraph (13);
- (d) subject to the scheme of arrangement becoming effective, the expiry date of the period referred to in paragraph (16);
- (e) the date on which the Grantee ceases to be an Eligible Participant for any reason other than his death or the termination of his employment or engagement on one or more grounds specified in (f) below;
- (f) the date on which the Grantee of an Option ceases to be an Eligible Participant by reason of the termination of his employment or engagement on grounds including, but not limited to, misconduct, bankruptcy, insolvency and conviction of any criminal offence;
- (g) the date of the commencement of the winding-up of the Company referred to in paragraph (14);
- (h) the date on which the grantee commits a breach of paragraph (8); or
- (i) the date on which the option is cancelled by the Board as set out in paragraph (11).

(21) TERMINATION

The Company by an ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and Options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

NOTICE OF GENERAL MEETING



GR PROPERTIES LIMITED

國銳地產有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 108)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting (the “**General Meeting**”) of GR Properties Limited (the “**Company**”) will be held at Capital Conference Services Limited at Suite 2418, 24/F, Jardine House, 1 Connaught Place, Central, Hong Kong on 7 November 2016, at 3:00 p.m. to consider and, if thought fit, pass the following resolutions:

ORDINARY RESOLUTION

1. THE SHARE OPTION SCHEME

“**THAT** subject to and conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the approval for the listing of, and permission to deal in, such number of shares (the “**Shares**”) in the capital of the Company which may fall to be issued pursuant to the exercise of any options that may be granted under the proposed share option scheme of the Company (the “**Share Option Scheme**”, a copy of which is produced to the General Meeting and marked “A” and signed by the chairman of the General Meeting for identification purpose); and (ii) the passing of an ordinary resolution by the shareholders of the Company at the General Meeting approving the adoption of the Share Option Scheme, the terms of the Share Option Scheme be and are hereby approved and adopted and that the directors of the Company (the “**Directors**”) be and are hereby authorised to:

- (a) administer the Share Option Scheme under which options will be granted to eligible participants under the Share Option Scheme to subscribe for Shares;
- (b) modify and/or amend the terms of the Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Share Option Scheme relating to modification and/or amendment and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”);
- (c) allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the Share Option Scheme;
- (d) make application at the appropriate time to the Stock Exchange for the listing of, and permission to deal in, the Shares which may thereafter from time to time be allotted and issued pursuant to the exercise of the options under the Share Option Scheme; and

NOTICE OF GENERAL MEETING

- (e) take all such actions and do all such things as may be necessary, desirable or expedient to implement or to give effect to the Share Option Scheme from the close of business of the day on which this resolution is passed.”

SPECIAL RESOLUTION

2. THE CAPITAL REDUCTION

“**THAT**

- (a) conditional only upon the satisfaction of either one of the conditions set out in paragraph (b) of this special resolution and subject to any conditions imposed in accordance with paragraph (c) of this special resolution, the reduction of the amount standing to the credit of the share capital account of the Company by a sum equal to HK\$700,000,000 (the “**Capital Reduction**”) be and is hereby approved and the Directors be and are hereby authorised to apply the credit arising from the Capital Reduction to a capital reduction reserve account of the Company and as the Directors think fit to use such reserve to set off against accumulated realised losses standing in the accounts of the Company;
- (b) the approval and authorisation set out in paragraph (a) of this special resolution shall be conditional upon either (i) there being no application (the “**Application**”) to the Court of First Instance of the High Court of Hong Kong (the “**Court**”) for cancellation of the approval of the Capital Reduction, set out in this special resolution, by members of the Company or creditors of the Company within five weeks of the date of this special resolution; or (ii) if any such Application is made, the Court making an order to confirm this special resolution;
- (c) if an Application is made and the Court makes an order to confirm this special resolution upon the Application, the approval and authorisation in paragraph (a) of this special resolution shall be subject to any conditions that may be imposed by the Court; and
- (d) the Directors be and are hereby authorised to take all such actions and do all such things as may be necessary, desirable or expedient to implement or to give effect to the foregoing.”

By order of the Board
GR Properties Limited
Wei Chunxian
Chairman

Hong Kong, 21 October 2016

NOTICE OF GENERAL MEETING

Registered office:

Suite 1603, 16th Floor

Wheelock House

20 Pedder Street

Central

Hong Kong

Notes:

- (1) The resolutions put to the vote at the General Meeting will be taken by poll except where the chairman of the General Meeting, in good faith, decides to allow a resolution which relates to purely a procedural or administrative matter to be voted on by a show of hands in accordance with the Listing Rules and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
- (2) Any member of the Company entitled to attend and vote at the General Meeting (or any adjournment thereof) is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead in accordance with the articles of association of the Company. A proxy needs not be a member of the Company.
- (3) In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the Company's share registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the General Meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the General Meeting or any adjournment thereof, should he/she/it so wish and in such event, the form of proxy shall be deemed to be revoked.
- (4) In the case of joint holders of Share(s) of the Company, any one of such holders may vote at the General Meeting, either personally or by proxy, in respect of such Share(s) as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the General Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Share(s) shall alone be entitled to vote in respect thereof.

As at the date of this notice, the executive Directors of the Company are Mr. Wei Chunxian, Mr. Sun Zhongmin and Ms. Liu Shuhua; and the independent non-executive Directors of the Company are Mr. Tung Woon Cheung Eric, Mr. Guan Zheng Michael and Mr. Chui Tsan Kit.