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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)

## CLARIFICATION ANNOUNCEMENT

### INEFFECTIVE CAPITAL REDUCTION

Reference is made to the announcement of GR Properties Limited (“**Company**”, together with its subsidiaries, “**Group**”) dated 5 October 2016 (“**Announcement**”), the circular of the Company dated 21 October 2016 (“**Circular**”) and the announcement of the Company dated 7 November 2016 (“**Poll Results Announcement**”) in relation to, among other things, the then proposed reduction of the credit standing to the share capital account of the Company (“**Capital Reduction**”) by the amount of HK\$700,000,000, which was intended to be utilised to offset the accumulated losses of the Company of HK\$675,781,658 as at 30 June 2016 with the remaining balance of HK\$24,218,342 to be retained in the capital reduction reserve account of the Company (“**2016 Proposed Capital Reduction**”).

As stated in the Announcement and the Circular, the 2016 Proposed Capital Reduction was subject to certain conditions including the passing of a special resolution by the shareholders of the Company (“**Shareholders**”) in a general meeting of the Company approving the 2016 Proposed Capital Reduction (“**Special Resolution**”) and the registration of the relevant documents with the Registrar of Companies in Hong Kong (“**Registration**”) within the prescribed timeframe in accordance with the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

As stated in the Poll Results Announcement, the Special Resolution was passed on 7 November 2016. However, it has come to the attention of the Company that the Registration was not completed within prescribed timeframe due to the Company and its advisers’ miscommunication and inadvertent omission, and as a result, the 2016 Proposed Capital Reduction has not been effected and the Special Resolution cannot be relied on by the Company to reduce its capital as contemplated.

As disclosed in the Circular, the Directors considered that a Capital Reduction would enable the Company to have a capital structure which allows payments of dividends (subject to the dividend policy of the Company and the discretion of the Board after taking into account a number of factors) and/or undertaking of any corporate action which requires the application of distributable reserves of the Company and that it is in the interests of the Company and the Shareholders as whole. However, since there is no immediate plan of the Company to conduct the abovementioned actions, the ineffectiveness of the 2016 Proposed Capital Reduction does not have any material impact on the corporate action or operation of the Company. The Directors remain of the view that a Capital Reduction will give more flexibility to the Company in future as explained and will be in the interests of the Company and the

Shareholders as whole, and as such, the Directors will consider to put forth a new proposal for Capital Reduction for approval by the Shareholders as and when appropriate. Further announcement(s) on this regard will be made by the Company in accordance with the Listing Rules as and when necessary.

In relation to the Company's annual results and annual report published on 31 March and 25 April 2017 respectively ("**2016 Financial Statements**"), as a result of the ineffectiveness of the 2016 Proposed Capital Reduction, the reported share capital and reserves of the Group as at 31 December 2016 will be increased and decreased by HK\$700 million respectively and such changes will be reflected in the financial statements of the Group for the six months ended 30 June 2017 ("**2017 Interim Financial Statements**") and for the year ending on 31 December 2017 ("**2017 Financial Statements**"). For illustration purpose, the following table sets out the estimated equity of the Group after the restatement, which is subject to finalisation in the 2017 Interim Financial Statements and 2017 Financial Statements:

	<b>As at 31 December 2016 as stated in the 2016 Financial Statements HK\$</b>	<b>As at 31 December 2016 after restatement HK\$ (unaudited)</b>
Share capital	519,965,063	1,219,965,063
Reserves	<u>14,124,956</u>	<u>(685,875,044)</u>
Total equity	<u><u>534,090,019</u></u>	<u><u>534,090,019</u></u>

As the restatement as mentioned above does not have an effect on the number of ordinary shares issued, the loss per share amount as disclosed, the Group's financial performance and cash flows for the year ended 31 December 2016 and the total equity of the Group as at 31 December 2016, the directors of the Company ("**Directors**") are of the view that the ineffectiveness of the 2016 Proposed Capital Reduction and such restatement do not and will not have a material adverse effect on the operations and financial conditions of the Company for the year ended 31 December 2016 or the year ending 31 December 2017 nor has an impact on the true and fair presentation of the previously issued 2016 Financial Statements as a whole.

By Order of the Board  
**GR Properties Limited**  
**Wei Chunxian**  
*Chairman*

Hong Kong, 18 August 2017

*As at the date of this announcement, 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. Chui Tsan Kit and Mr. Au Yeung Po Fung.*