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Poly Property Group Co., Limited

保利置業集團有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 119)

CONTINUING CONNECTED TRANSACTION FINANCIAL FRAMEWORK AGREEMENT

The Board announces that on 31 December 2013, the Company and Poly Finance entered into the Financial Framework Agreement of a term of three years from 1 January 2014 to 31 December 2016. Pursuant to the Financial Framework Agreement, the Group will utilize financial services including deposit services offered by Poly Finance.

Poly Finance is owned as to 76% by China Poly and its associates, 9% by the Company and the remaining 15% by an independent third party. By virtue of the fact that China Poly and its associates are the substantial shareholders holding approximately 47.54% of the issued share capital of the Company, Poly Finance is an associate of a connected person of the Company under Rule 14A.11(4) of the Listing Rules. The Financial Framework Agreement and the deposit services contemplated thereunder therefore constitute a continuing connected transaction of the Company under Rule 14A.14 of the Listing Rules.

As all the applicable Percentage Ratios of the annual cap for the deposit services under the Financial Framework Agreement are less than 5%, the Financial Framework Agreement and the deposit services contemplated thereunder are subject to reporting and announcement requirements but are exempt from the independent shareholder's approval requirement under Rule 14A.66(2) of the Listing Rules. Appropriate disclosure of the above transactions will be made in the next published annual report and accounts of the Company in accordance with Rules 14A.45 and 14A.46 of the Listing Rules.

THE FINANCIAL FRAMEWORK AGREEMENT

The Board announces that on 31 December 2013, the Company and Poly Finance entered into the Financial Framework Agreement of a term of three years from 1 January 2014 to 31 December 2016. The Financial Framework Agreement and the deposit services contemplated thereunder and the annual cap for each of the three years ending 31 December 2016 are subject to reporting and announcement requirements but are exempt from the independent shareholder's approval requirement.

Pursuant to the Financial Framework Agreement, Poly Finance will provide, amongst others, deposit services to the PRC Group.

Deposit services

The PRC Group will from time to time place deposits with Poly Finance at interest rates which are more favorable to the PRC Group than the rates available from an independent third party for similar services in the PRC. The PRC Group and Poly Finance will monitor the amount of funds deposited by the members of the PRC Group from time to time.

Future renewal of the Financial Framework Agreement

Upon expiry of the Financial Framework Agreement on 31 December 2016, the parties to the Financial Framework Agreement may renew such agreement for a further period to be mutually agreed between the parties. The entering into of any further agreement will be subject to the applicable requirements under the Listing Rules.

Annual cap for the deposit services

The annual cap for the deposit services under the Financial Framework Agreement for the three years ending 31 December 2014, 2015 and 2016 is as follows:

Maximum daily balance	31 December 2014, 2015 and 2016	
	Cap amount (RMB)	Cap amount (Approximate HK\$ Equivalent)
Deposits	550 million	700 million

In determining the above annual cap, the Company has taken into account the increasing asset scale, the cashflow position of the members of the Group and the treasury and financing policy of the Group.

Reasons for and benefits for the entering into of the Financial Framework Agreement

Poly Finance is a financial institution approved and regulated by China Banking Regulatory Commission. It was established for the purpose of enhancing the centralized management of funds among the Member Entities and for improving the fund utilization efficiency of the Member Entities as a whole. The main reasons and advantages for utilizing the deposits and loan financing services provided by Poly Finance are as follows:

1. The Group benefits from Poly Finance's better understanding of the operations of the Group which allows expedient and efficient service provision. As an intra-group service provider, Poly Finance communicates more efficiently with the Group as compared with other independent commercial banks.
2. The interest rates on deposits offered by Poly Finance to the PRC Group are more favorable than those offered by other independent PRC commercial banks in general.
3. Poly Finance is regulated by China Banking Regulatory Commission and provides its services in accordance and in compliance with the rules and operational requirements of the regulatory authority.

The Directors (including the independent non-executive Directors) are of the opinion that the Financial Framework Agreement is on normal commercial terms and such terms are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GENERAL

Information relating to the Company

The Company is an investment holding company with its subsidiaries principally engaged in property development and investment in the PRC.

Information relating to Poly Finance

Poly Finance is a joint venture company established in the PRC on 11 March 2008 and is owned as to 76% by China Poly and its associates, 9% by the Company and the remaining 15% by an independent third party.

Poly Finance is a financial institution and shall operate within the business scope as approved by China Banking Regulatory Commission and stated in its business license. The reason for establishing Poly Finance is to provide financial management services to the Member Entities for the purpose of strengthening centralized management of funds among the Member Entities and improving the efficiency of using such funds, to strengthen the economic cooperation between the joint venture parties and to adopt advanced operation and management expertise with a view to maximizing the profits of Poly Finance.

LISTING RULES IMPLICATIONS

Poly Finance is owned as to 76% by China Poly and its associates, 9% by the Company and the remaining 15% by an independent third party. By virtue of the fact that China Poly and its associates are the substantial shareholders holding approximately 47.54% of the issued share capital of the Company, Poly Finance is an associate of a connected person of the Company under Rule 14A.11(4) of the Listing Rules. The Financial Framework Agreement and deposit services contemplated thereunder therefore constitute a continuing connected transaction of the Company under Rule 14A.14 of the Listing Rules.

As all the applicable Percentage Ratios of the annual cap for the deposit services under the Financial Framework Agreement are less than 5%, the Financial Framework Agreement and the deposit services contemplated thereunder are subject to reporting and announcement requirements but are exempt from the independent shareholder's approval requirement under Rule 14A.66(2) of the Listing Rules. Appropriate disclosure of the above transactions will be made in the next published annual report and accounts of the Company in accordance with Rules 14A.45 and 14A.46 of the Listing Rules. None of the Directors have a material interest in the Financial Framework Agreement and the deposit services contemplated thereunder.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China Poly”	中國保利集團公司(China Poly Group Corporation), a state-owned enterprise established in the PRC, a substantial shareholder of the Company, and together with its associates, hold approximately 47.54% of the total issued share capital of the Company
“Company”	Poly Property Group Co., Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Financial Framework Agreement”	the financial framework agreement dated 31 December 2013 entered into between the Company and Poly Finance for the provision of certain services, including the deposit services
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Member Entities”	(i) China Poly; (ii) any subsidiary company of China Poly; (iii) any company with more than 20% of its shares solely or jointly held by China Poly or its subsidiary company; (iv) any company, in which China Poly or its subsidiary companies solely or jointly hold less than 20% of shares but in a status as the largest shareholder; and (v) any institution legal person or social organization legal person subordinated to China Poly or its subsidiary companies
“Percentage Ratios”	the percentage ratios under Rule 14.07 of the Listing Rules
“Poly Finance”	保利財務有限公司(Poly Finance Company Limited), a joint venture entity established under the laws of the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Group”	the Company and its subsidiary(ies) established in the PRC
“RMB”	PRC Renminbi, the lawful currency of the PRC

“Share(s)”	share(s) of HK\$0.50 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

For reference purposes only, the Chinese names of the PRC entities, authorities or facilities have been translated into English in this announcement. In the event of any discrepancies between the Chinese names of these PRC entities, authorities or facilities and their respective English translations, the Chinese version shall prevail.

In this announcement, certain amounts quoted in RMB have been converted into Hong Kong dollars at the reference rate of HK\$1.00 to RMB0.78623 for information purpose only. Such conversion should not be construed as a representation that the relevant amounts have been, could have been, or could be, converted at that or any other rate or at all.

By order of the Board
Poly Property Group Co., Limited
XUE Ming
Chairman and Managing Director

Hong Kong, 31 December 2013

As at the date of this announcement, the executive directors of the Company are Mr. Chen Hong Sheng, Mr. Wang Xu, Mr. Xue Ming, Mr. Zhang Wan Shun and Mr. Ye Li Wen, the non-executive director is Mr. Ip Chun Chung, Robert, and the independent non-executive directors are Mr. Choy Shu Kwan, Ms. Leung Sau Fan, Sylvia and Mr. Wong Ka Lun.