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## **KERRY PROPERTIES LIMITED**

*(Incorporated in Bermuda with limited liability)*

**嘉里建設有限公司\***

*website: www.kerryprops.com*

**(Stock Code: 683)**

### **CONNECTED TRANSACTIONS: PAYMENT OF DEPOSIT FOR JOINT BIDDING OF LAND IN QIANHAI**

On 2 December 2016, the Company, KHL and BEA entered into the Bidding Agreement in respect of the joint bidding of land at the Land Bid. Pursuant to the Bidding Agreement, the Company, KHL and BEA jointly paid the Deposit of RMB604.0 million (approximately HK\$682.52 million) in their respective proportion of 25%, 50% and 25% in accordance with the Tender Notice. The Company has contributed RMB151.0 million (approximately HK\$170.63 million) to the payment of the Deposit.

KHL is the controlling shareholder of the Company and therefore a connected person of the Company. Accordingly, the Transactions constitute connected transactions for the Company under the Listing Rules. As the applicable percentage ratios in respect of the pro-rata amount of the Deposit paid by the Group exceed 0.1% but are less than 5%, the Transactions are only subject to the announcement and reporting requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

### **THE BIDDING AGREEMENT**

On 2 December 2016, the Company, KHL and BEA entered into the Bidding Agreement in respect of the joint bidding of land at the Land Bid. Pursuant to the Bidding Agreement, the Company, KHL and BEA jointly paid the Deposit of RMB604.0 million (approximately HK\$682.52 million) in the respective proportion of 25%, 50% and 25% in accordance with the Tender Notice. If the Parties are awarded the tender, the Deposit will be refunded to each of the Parties subject to payment of the land premium. If their bid is not successful, the Deposit will be refunded to each of the Parties after the bidding result is announced.

The land use type of the Project Site is for commercial use, and the terms for the grant of the land use rights of the Project Site are 40 years.

In the event that the Parties manage to acquire the Project Site, the Parties agree to establish the JVCO for the purpose of acquiring, holding and developing the Project Site. The shareholdings of the Company, KHL and BEA in the JVCO will be in the same proportions as the Parties' share of the Deposit, i.e. 25%, 50% and 25%, respectively.

As a condition for participating in the Land Bid, the Parties are required to pay the Deposit of RMB604.0 million (approximately HK\$682.52 million). Based on their respective shareholdings in the proposed JVCO, the Company, KHL and BEA have contributed RMB151.0 million (approximately HK\$170.63 million), RMB302.0 million (approximately HK\$341.26 million), and RMB151.0 million (approximately HK\$170.63 million), respectively, to the payment of the Deposit as at the date of this announcement. The funding required by the Group for paying its share of the Deposit was sourced from its internal cash reserves and/or external bank borrowings.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

It is in the interests of the Company to participate in the Land Bid jointly with KHL and BEA. Since the Group is now holding an approximately 350,000 square-foot site for development in Qianhai, the Board believes that in the event that the Parties manage to acquire the Project Site, the joint acquisition and development of the Project Site are expected to create synergistic effect to the Group and also enhance the value for the Shareholders by providing additional revenue for the Company.

The Directors (including the independent non-executive Directors) take the view that the Transactions are entered into in the ordinary and usual course of business of the Group and believe that the terms of the Transactions are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole. Both Mr. Bryan Pallop Gaw, the executive Director, and Mr. Kuok Khoon Hua, the non-executive Director, have declared that each of them together with their respective associates are indirectly interested in 5% or more of the issued shares of KHL and they have abstained from voting on the relevant resolutions of the Board approving the Transactions.

## **INFORMATION OF THE GROUP, KHL AND BEA**

The principal activity of the Company is investment holding and the principal activities of the Company's subsidiaries and associates comprise property development, investment and management in Hong Kong, the PRC and the Asia Pacific region; hotel ownership in Hong Kong, and hotel ownership and operations in the PRC; and integrated logistics and international freight forwarding.

KHL is principally engaged in investment holding.

Incorporated in 1918, BEA is Hong Kong's largest independent local bank, with total consolidated assets of HK\$756.6 billion as of 30 June 2016. Listed on the Stock Exchange, BEA is a constituent stock of the Hang Seng Index. BEA offers customers a comprehensive range of corporate banking, personal banking, wealth management, and investment services through an extensive network of more than 220 outlets covering Hong Kong and the rest of Greater China, Southeast Asia, the United Kingdom, and the United States. For more information, please refer to BEA's website at [www.hkbea.com](http://www.hkbea.com). To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, BEA and its ultimate beneficial owner are third parties independent of the Company.

## **IMPLICATIONS UNDER THE LISTING RULES**

KHL is the controlling shareholder of the Company and therefore a connected person of the Company. Accordingly, the Transactions constitute connected transactions for the Company under the Listing Rules. As the applicable percentage ratios in respect of the pro-rata amount of the Deposit paid by the Group exceed 0.1% but are less than 5%, the Transactions are only subject to the announcement and reporting requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

In the event that the Land Bid by the Parties is successful, the Parties will enter into a further agreement with respect to the establishment of the JVCO and the establishment of the JVCO may constitute non-exempt connected transactions for the Company. The Company will make a further announcement and comply with the relevant requirements under the Listing Rules as and when necessary.

## DEFINITIONS

<b>“associates”</b>	has the meaning ascribed to it in the Listing Rules;
<b>“BEA”</b>	The Bank of East Asia, Limited, a limited liability company incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange;
<b>“Bidding Agreement”</b>	the bidding agreement dated 2 December 2016 and entered into by the Parties in respect of the Land Bid;
<b>“Board”</b>	the board of Directors;
<b>“connected person”</b>	has the meaning ascribed to it in the Listing Rules;
<b>“connected Transactions”</b>	has the meaning ascribed to it in the Listing Rules;
<b>“controlling shareholder”</b>	has the meaning ascribed to it in the Listing Rules;
<b>“Company”</b>	Kerry Properties Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
<b>“Deposit”</b>	an amount of RMB604.0 million (approximately HK\$682.52 million) paid by the Parties (in the proportions of 25%, 50% and 25% by the Company, KHL and BEA, respectively) in order to participate in the Land Bid;
<b>“Directors”</b>	directors of the Company;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“JVCO”</b>	a joint venture company to be established by the Parties (or their wholly-owned subsidiaries) in Qianhai, Shenzhen, the PRC and to be owned by the Company, KHL and BEA (or their wholly-owned subsidiaries) as to 25%, 50% and 25%, respectively, for the purpose of acquiring, holding and developing the Project Site in the event that the Parties win the Land Bid;
<b>“KHL”</b>	Kerry Holdings Limited, a company incorporated in Hong Kong, which as at the date of this announcement is the controlling shareholder of the Company;
<b>“Land Bid”</b>	the public bidding in respect of the Project Site to be held on 7 December 2016 in Qianhai, Shenzhen, the PRC;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;

“Parties”	collectively, the Company, KHL and BEA, and a “Party” shall mean any of them;
“percentage ratios”	has the meaning ascribed to it in the Listing Rules;
“PRC”	the People’s Republic of China;
“Project Site”	the project site located at Land Parcel 02 & 04, Unit 7, Qianwan Area, Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Shenzhen, the PRC (中國深圳市前海深港現代服務業合作區前灣片區七單元02、04街坊) (Land Parcel No.: T102-0260), with a site area of approximately 19,262.18 square meters for commercial use and a gross floor area of approximately 111,000 square meters;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transactions”	the payment of the Deposit by the Parties and the transactions contemplated under the Bidding Agreement; and
“Tender Notice”	a land use right tender notice dated 27 October 2016 and the supplemental notices dated 2 November 2016 and 15 November 2016 respectively issued by the Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen Municipality and the Land and Real Estate Exchange Center of Shenzhen Municipality (Shenzhen Land Exchange Notice [2016] No. 22) in relation to the Project Site.

*Amounts denominated in RMB in this announcement have been converted into HK\$ at the rate of RMB1=HK\$1.13 for illustration purposes.*

By order of the Board  
**Kerry Properties Limited**  
**Li Siu Ching, Liz**  
*Company Secretary*

Hong Kong, 2 December 2016

*As at the date of this announcement, the Directors are:*

*Executive Directors:*

*Messrs. Wong Siu Kong, Ho Shut Kan, Chin Siu Wa, Alfred and Bryan Pallop Gaw*

*Non-executive Director:*

*Mr. Kuok Khoon Hua*

*Independent non-executive Directors:*

*Mr. Ku Moon Lun, Ms. Wong Yu Pok, Marina, JP and Mr. Chang Tso Tung, Stephen*

*\* For identification purpose only*