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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: FORMATION OF JOINT VENTURE FOR ACQUISITION, HOLDING AND DEVELOPMENT OF LAND PARCEL IN SINGAPORE**

On 22 March 2019, the JV Companies received a Letter from HDB that the Tender is successful and the lease of the Land Parcel is awarded to the JV Companies. Accordingly, the Company and Allgreen will enter into a JV Agreement. The JV Companies are owned by the Company and Allgreen as to 30% and 70% respectively.

As set out in the Letter, the Consideration for the lease of the Land Parcel payable by the JV Companies to HDB is S\$699,999,999.99 (approximately HK\$4,070,000,000) and will be settled in cash according to a payment schedule prescribed by HDB. The Parties will provide a total amount of shareholders' funds for the Consideration and relating taxes of not more than S\$766,400,000 (approximately HK\$4,457,000,000) to the JV Companies in accordance with their respective shareholding proportion in the JV Companies. Based on the current estimation, the maximum funding commitment to the JV Companies to be contributed by the Company is expected to be S\$230,000,000 (approximately HK\$1,337,000,000).

Allgreen is an associate of both KHL (the controlling shareholder of the Company) and Mr. Kuok Khoon Hua (the non-executive Director). As such, Allgreen is 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 maximum funding commitment to be contributed by the Group to the JV Companies are more than 0.1% but less than 5%, the Transactions are subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

\* For identification purpose only

## **INTRODUCTION**

On 6 December 2018, the Company and Allgreen entered into the MOI, pursuant to which the Parties agreed to form a joint venture by setting up a joint development structure comprising the JV Companies for acquiring, holding and developing the Land Parcel for residential and commercial uses, if the Tender is successful.

On 22 March 2019, the JV Companies received a Letter from HDB that the Tender is successful and the lease of the Land Parcel is awarded to the JV Companies. Accordingly, the Company and Allgreen will enter into a JV Agreement. The JV Companies are owned by the Company and Allgreen as to 30% and 70% respectively.

As set out in the Letter, the Consideration for the lease of the Land Parcel payable by the JV Companies to HDB is S\$699,999,999.99 (approximately HK\$4,070,000,000) and will be settled in cash according to a payment schedule prescribed by HDB. The Parties will provide a total amount of shareholders' funds for the Consideration and relating taxes of not more than S\$766,400,000 (approximately HK\$4,457,000,000) to the JV Companies in accordance with their respective shareholding proportion in the JV Companies. It is also envisaged that the JV Companies will procure funds and/or financing from financial institutions and/or banks to settle part of the Consideration which will reduce the amount of shareholders' funds required.

## **PROPOSED MAJOR TERMS OF THE JV AGREEMENT TO BE ENTERED INTO BY THE PARTIES**

<b>Parties:</b>	the Company and Allgreen.
<b>Shareholdings in the JV Companies:</b>	The shareholdings of the Company and Allgreen in the JV Companies are in the proportion of 30% and 70% respectively.
<b>Scope of Business of the JV Companies:</b>	Phoenix Commercial and Phoenix Residential will undertake the development of the commercial component and residential component of the Project respectively.
<b>Management of the Project:</b>	Project management and marketing services for the Project shall be provided by a wholly-owned subsidiary of Allgreen or Allgreen's related company, while accounting and secretarial services for the Project shall be provided by Allgreen or its related company.

## **FINANCING OF THE PROJECT AND FUNDING COMMITMENT OF THE PARTIES**

The Parties agreed that the JV Companies may, for the purpose of development of the Project, procure funds and/or financing from financial institutions and/or banks to settle part of the Consideration and necessary for the working capital requirements of the Project.

The Parties will provide a total amount of shareholders' funds for the Consideration and relating taxes of not more than S\$766,400,000 (approximately HK\$4,457,000,000) to the JV Companies in accordance with their respective shareholding proportion in the JV Companies as and when required by the Project. The total amount of shareholders' funds to be contributed by the Parties was determined after arm's length negotiations between the Parties with reference to the Consideration for the lease of the Land Parcel.

Based on the current estimation, the maximum funding commitment to the JV Companies to be contributed by the Company is expected to be S\$230,000,000 (approximately HK\$1,337,000,000), which is expected to be sourced by the Group from its internal cash reserves and/or external bank borrowings. The funding requirement for making the maximum funding commitment is not expected to have any material impact on the Group.

The Directors (including the independent non-executive Directors) take the view that the funding commitment under the JV Agreement is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE JV AGREEMENT**

The entering into of the JV Agreement and the joint acquisition and development of the Land Parcel in the Project are in accordance with the business strategies of the Group in building up its prime property portfolio and pursuing sound investment opportunities. In addition, the co-operation between the Company and Allgreen in the JV Companies will provide synergy effect to both Parties and allow them to share their management and strategic expertise in the Project. The Board believes that it could enhance the value for the Shareholders and support the sustainable growth of the Group.

The proposed major terms of the JV Agreement were determined after arm's length negotiation between the Parties. The Directors (including the independent non-executive Directors) take the view that the transactions contemplated under the JV Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group, and the proposed major terms of the JV Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

### **INFORMATION OF THE COMPANY AND ALLGREEN**

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.

Allgreen is a real estate developer with assets primarily in Singapore. Its portfolio of assets comprises residential, retail and office space, serviced apartments and a hotel. Allgreen has also entered into various joint ventures to participate in mixed developments in various cities in the PRC.

## **IMPLICATIONS UNDER THE LISTING RULES**

Allgreen is an associate of both KHL (the controlling shareholder of the Company) and Mr. Kuok Khoon Hua (the non-executive Director). As such, Allgreen is 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 maximum funding commitment to be contributed by the Group to the JV Companies are more than 0.1% but less than 5%, the Transactions are subject to the reporting and announcement requirements only and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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 Mr. Kuok is also an associate of Allgreen. They have abstained from voting on the relevant resolutions of the Board approving the Transactions.

## **DEFINITIONS**

<b>“Allgreen”</b>	Allgreen Properties Limited, a company incorporated in Singapore with limited liability;
<b>“associate(s)”</b>	has the meaning ascribed to it in the Listing Rules;
<b>“Board”</b>	the board of Directors;
<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>“connected person”</b>	has the meaning ascribed to it in the Listing Rules;
<b>“Consideration”</b>	the total consideration for lease of the Land Parcel for a leasehold term of 99 years, being S\$699,999,999.99 (approximately HK\$4,070,000,000);
<b>“controlling shareholder”</b>	has the meaning ascribed to it in the Listing Rules;
<b>“Director(s)”</b>	Director(s) of the Company;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“HDB”</b>	The Housing and Development Board acting as agent for and on behalf of the Government of the Republic of Singapore (the lessor of the Land Parcel);

<b>“JV Agreement”</b>	the joint venture agreement to be entered into between the Company and Allgreen in respect of formation of joint venture for acquiring, holding and developing the Land Parcel in the Project;
<b>“JV Company(ies)”</b>	Phoenix Commercial and Phoenix Residential, the joint venture companies owned by the Company and Allgreen as to 30% and 70% respectively;
<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 Parcel”</b>	the land parcel at Pasir Ris Drive 3/ Pasir Ris Drive 8/ Pasir Ris Central, Singapore to be leased under the Tender, with an approximate site area of 409,068 square feet;
<b>“Letter”</b>	the Tender acceptance letter dated 22 March 2019;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“MOI”</b>	the Memorandum of Intent of Joint Venture dated 6 December 2018 entered into between the Company and Allgreen, pursuant to which, the Company and Allgreen agreed to form a joint venture to jointly develop the Project, if the Tender is successful;
<b>“Party(ies)”</b>	the Company and Allgreen;
<b>“percentage ratios”</b>	has the meaning ascribed to it in the Listing Rules;
<b>“Phoenix Commercial”</b>	Phoenix Commercial Pte. Ltd., a company incorporated in Singapore with limited liability, which is a JV Company owned by the Company and Allgreen as to 30% and 70% respectively;
<b>“Phoenix Residential”</b>	Phoenix Residential Pte. Ltd., a company incorporated in Singapore with limited liability, which is a JV Company owned by the Company and Allgreen as to 30% and 70% respectively;
<b>“Project”</b>	the commercial and residential development to be developed on the Land Parcel by Phoenix Commercial and Phoenix Residential respectively;
<b>“S\$”</b>	Singapore dollars, the lawful currency of Singapore;
<b>“Share(s)”</b>	share(s) of HK\$1.00 each of the Company;

<b>“Shareholder(s)”</b>	holder(s) of Share(s);
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“Tender”</b>	the tender submitted by the JV Companies on 14 December 2018 to the HDB for lease of the Land Parcel for a leasehold term of 99 years; and
<b>“Transactions”</b>	the entering into of the JV Agreement by the Parties and the transactions contemplated thereunder.

*Note: The figures in “S\$” are converted into HK\$ at the rate of S\$1.00 : HK\$5.815 throughout this announcement for illustrative and indicative purposes only.*

By Order of the Board  
**KERRY PROPERTIES LIMITED**  
**Li Siu Ching, Liz**  
*Company Secretary*

Hong Kong, 22 March 2019

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

**Executive Directors:** *Messrs. Wong Siu Kong, Bryan Pallop Gaw and Wong Chi Kong, Louis*

**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*