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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: 00119)**

## **DISCLOSEABLE TRANSACTION IN RELATION TO PROVISION OF LOAN TO A JOINT VENTURE COMPANY**

### **PROVISION OF LOAN TO A JOINT VENTURE COMPANY**

Reference is made to the announcement of Poly Property Group Co., Limited (the “**Company**”) dated 29 July 2022 in relation to a disclosable transaction regarding the provision of the Existing Loans and Loan to a joint venture company (the “**Announcement**”).

On 24 March 2023, SZ Baoda, an indirect 50% owned subsidiary of the Company (as lender), SZ Baocheng, a 50% owned joint venture company (as borrower), SZ Baolong, an indirect 100% owned subsidiary of the Company (as the borrower’s direct 50% owned shareholder) and Shenzhen Qinchengda Group Co., Ltd.\* (深圳市勤誠達集團有限公司) (“**SZ Qinchengda Group**”), an independent third party of the Company (as the borrower’s direct 50% owned shareholder) entered into a further loan agreement (the “**Further Loan Agreement**”), pursuant to which SZ Baoda agreed to grant a further loan in the amount of RMB350 million to SZ Baocheng (the “**Further Loan**”).

## **LISTING RULES IMPLICATIONS**

As the provision of Further Loan together with the Existing Loans and Loan, one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 5% but all of which are below 25%, and accordingly, the transaction together with the Existing Loans and Loan constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **PROVISION OF LOAN TO A JOINT VENTURE COMPANY**

Reference is made to the Announcement. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

On 24 March 2023, SZ Baoda, an indirect 50% owned subsidiary of the Company (as lender), SZ Baocheng, a 50% owned joint venture company (as borrower), SZ Baolong, an indirect 100% owned subsidiary of the Company (as the borrower's direct 50% owned shareholder) and SZ Qinchengda Group, an Independent Third Party of the Company (as the borrower's direct 50% owned shareholder) entered into the Further Loan Agreement, pursuant to which SZ Baoda agreed to grant the Further Loan.

### **Principal Terms of the Further Loan Agreement**

Date	:	24 March 2023
Lender	:	SZ Baoda
Borrower	:	SZ Baocheng
The borrower's shareholders	:	SZ Baolong (directly holds 50% interest) SZ Qinchengda Group (directly holds 50% interest)
Principal amount	:	RMB350 million

The Further Loan is interest-free, unsecured, and has a maximum loan period of not more than 10 years, starting from the date when the lender actually lends the fund (the “**Loan Period**”). The purpose of the Further Loan is intended for SZ Baocheng’s production and operational needs. SZ Baoda has the right to request for repayment of the Further Loan at any time during the Loan Period, and SZ Baocheng shall repay the Further Loan within 15 working days from the date of receipt of the written notice from SZ Baoda. If SZ Baocheng fails to repay the Further Loan to SZ Baoda, SZ Baocheng's shareholders undertake in accordance with their respective 50% interest in SZ Baocheng, i) to provide shareholders’ loans to SZ Baocheng for repayment of the corresponding Further Loan and liquidated damages under the Further Loan Agreement; or ii) to repay SZ Baocheng's corresponding Further Loan and liquidated damages directly to SZ Baoda under the Further Loan Agreement. If any of the shareholders of SZ Baocheng fails to provide funds to SZ Baocheng to repay the Further Loan according to the above undertaking i) or ii), the non-defaulting shareholder has the right to dilute the shareholding ratio of the defaulting shareholder.

The amount of the Further Loan was determined after arm’s length negotiation between SZ Baoda and SZ Baocheng.

### **Funding of the Further Loan**

The Further Loan will be funded by internal resources of SZ Baoda.

### **Reasons and Benefits of Provision of the Further Loan to SZ Baocheng**

Both the Group and the ultimate beneficial owners of SZ Qinchengda Group each has 50% of interest in the capital of SZ Baocheng and SZ Baoda, respectively. The principal business of SZ Baocheng and SZ Baoda are property development. As at the date of this announcement, SZ Baoda does not have any shareholders’ loans and funds held by SZ Baoda are generated from its operations. The Group and SZ Qinchengda Group are of the view that it is in the best interest of both parties to utilize the surplus funds of any one of the Project Companies and grant loans to the other Project Company and vice versa, as required. The provision of the Further Loan will facilitate efficient usage of the funds held by the Project Companies as a whole, which will enhance the development of the property projects held by the Project Companies. The arrangement will also reduce the demand of shareholders’ loans of the Project Companies as a whole. SZ Baoda expects that the project will receive sales proceeds sufficient to cover the project's construction costs, management fees, taxes and loan repayments in the next 12 months. Therefore, even after SZ Baocheng draw down the Further Loan, it is expected that the sales proceeds will still be sufficient to cover the funding requirements of the project. The project of SZ Baoda is currently under construction and in pre-sales.

The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Further Loan Agreement are on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **INFORMATION RELATING TO THE COMPANY**

The Company is principally engaged in investment holding while the subsidiaries of the Company are principally engaged in property development, property investment and management, hotel operations and its related services, manufacturing and sales of digital discs and others.

## **INFORMATION RELATING TO SZ BAOLONG**

SZ Baolong is a limited liability company established in the PRC and is an indirect wholly-owned subsidiary of the Company, which is principally engaged in investment holding. It directly holds the 50% equity interest in the capital of SZ Baocheng.

## **INFORMATION RELATING TO SZ BAOCHENG**

SZ Baocheng is a limited liability company established in the PRC and is a 50% owned joint venture company of the Company, and is principally engaged in the business of property development. Shenzhen Qinchengda Group directly holds the remaining 50% equity interest of SZ Baocheng. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, Shenzhen Qinchengda Investment Limited\* (深圳市勤誠達投資有限公司) (“**SZ Qinchengda Investment**”) and Qinchengda Holdings Limited\* (勤誠達控股有限公司) (“**Qinchengda Holdings**”) directly own 70% and 30% of the equity interest in SZ Qinchengda Group, respectively. Keenstar Industrial Development Co., Limited (“**Keenstar Industrial**”) directly owns 100% of the equity interest in SZ Qinchengda Investment. Gu Hanning\* (古漢寧) indirectly owns 100% of the equity interest in Keenstar Industrial. Gu Hanning and Liao Xinyuan\* (廖新源) own 99% and 1% of the equity interest in Qinchengda Holdings, respectively. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, Gu Hanning and Liao Xinyuan are third parties independent of the Company and its connected persons.

## **INFORMATION RELATING TO SZ BAODA**

SZ Baoda is a limited liability company established in the PRC. It is an indirect 50% owned subsidiary of the Company, which is principally engaged in the business of property development and is an insignificant subsidiary of the Company as defined under the Rule 14A.09(1) of the Listing Rules. SZ Qinchengda directly holds the remaining 50% equity interest in the capital of SZ Baoda. Qinchengda International (Holdings) Company Limited (“**Qinchengda International (Holdings)**”) and SZ Qinchengda Group directly hold 66% and 34% of equity of SZ Qinchengda, respectively. Gu Yaoming\* (古耀明) directly holds 100% equity of Qinchengda International (Holdings). To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, Gu Hanning, Gu Yaoming and Liao Xinyuan are third parties independent of the Company and its connected persons.

## **LISTING RULES IMPLICATIONS**

As the provision of Further Loan together with the Existing Loans and Loan, one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 5% but all of which are below 25%, and accordingly, the transaction together with the Existing Loans and Loan constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

By order of the Board  
**Poly Property Group Co., Limited**  
**Wan Yuqing**  
*Chairman*

Hong Kong, 24 March 2023

*As at the date of this announcement, the executive directors of the Company are Mr. Wan Yuqing, Mr. Wang Jian and Mr. Ye Liwen, the non-executive director of the Company is Mr. Chen Yuwen, and the independent non-executive directors of the Company are Mr. Ip Chun Chung, Robert, Mr. Fung Chi Kin, Miss Leung Sau Fan, Sylvia and Mr. Wong Ka Lun.*