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嘉里建設有限公司*

KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

website: www.kerryprops.com

(Stock Code: 683)

**VERY SUBSTANTIAL ACQUISITION
SUCCESSFUL TENDER OF LAND IN HUANGPU DISTRICT,
SHANGHAI, THE PRC**

SUCCESSFUL TENDER OF LAND

Reference is made to the Company's announcement dated 4 January 2022 in relation to the letter of intent entered into between Brilliant Prestige Limited, a wholly-owned subsidiary of the Company, and Shanghai Huangpu District Planning and Natural Resources Bureau after it won the tender for the acquisition of the land use rights for the Initial Plots (i.e. the Previous Acquisition) in Shanghai.

The Board is pleased to announce that on 20 June 2023, Brilliant Prestige Limited successfully won the tender for the acquisition of the land use rights of the lots offered for sale by Shanghai Huangpu District Planning and Natural Resources Bureau for Plots 198-1, 200-3, Unit C010201, Bund Community, Plots 070-01, 071-01, 072-01, 073-01, Unit C010102, Guangchang Community, and the underground spaces of Jiangxi Nan Road, Shandong Nan Road, Shengze Road and Plot 070-02, situated at Huangpu District, Shanghai, the PRC, located east to Land Parcel 200 Planning green area, Henan Nan Road, south to Renmin Road, west to Zijin Road, Shengze Road, north to Jinling Dong Road, Ning Hai Dong Road (i.e. the Remaining Plots) at a consideration of RMB8,783,273,000 (approximately HK\$9,661,600,000) for mixed-use development (i.e. the Current Acquisition). The Remaining Plots are situated adjacent to the Initial Plots.

** For identification purpose only*

LISTING RULES IMPLICATIONS

As the Current Acquisition and the Previous Acquisition involve the development of the Project and form a series of transactions, the Current Acquisition is required to be aggregated with the Previous Acquisition pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the Current Acquisition in aggregate with the Previous Acquisition exceed 100%, therefore they constitute a very substantial acquisition for the Company.

Given that the Current Acquisition is a Qualified Property Acquisition as defined under Rule 14.04(10C) of the Listing Rules, the Current Acquisition is subject to announcement and circular requirements but is exempted from (i) Shareholders' approval requirement pursuant to Rule 14.33A of the Listing Rules and (ii) the requirement to include a valuation report on the Remaining Plots in the circular pursuant to Rule 14.33B(3) of the Listing Rules.

A circular containing, among other things, further details of the Current Acquisition and financial information of the Group is expected to be despatched to the Shareholders for information in accordance with Rule 14.33B of the Listing Rules on or around 29 June 2023. Details of the Previous Acquisition was circulated in the Company's circular dated 20 January 2022.

INTRODUCTION

The Board is pleased to announce that on 20 June 2023, BPL successfully won the tender for the acquisition of the land use rights of the Remaining Plots offered for sale by Shanghai Huangpu District Planning and Natural Resources Bureau, at a Consideration of RMB8,783,273,000 (approximately HK\$9,661,600,000) for mixed-use development. The Letter of Intent has also been signed on 20 June 2023, and pursuant to the Letter of Intent, the Land Use Rights Grant Contracts will be entered into in due course.

PRINCIPAL TERMS OF THE CURRENT ACQUISITION

The principal terms of the Current Acquisition pursuant to the Letter of Intent are as follows:

Parties

- (1) Shanghai Huangpu District Planning and Natural Resources Bureau, as the vendor; and
- (2) BPL, as the purchaser.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Shanghai Huangpu District Planning and Natural Resources Bureau and its ultimate beneficial owner(s) are independent third parties of the Company and its connected persons.

Information of the Remaining Plots

The Remaining Plots consist of six plots of land for Plots 198-1, 200-3, Unit C010201, Bund Community, Plots 070-01, 071-01, 072-01, 073-01, Unit C010102, Guangchang Community, and the underground spaces of Jiangxi Nan Road, Shandong Nan Road, Shengze Road and Plot 070-02, situated at Huangpu District, Shanghai, the PRC (黃浦區外灘社區 C010201 單元 198-1、200-3 地塊、廣場社區 C010102 單元 070-01、071-01、072-01、073-01 地塊及江西南路、山東南路、盛澤路、070-02 地下空間地塊), located east to Land Parcel 200 Planning green area, Henan Nan Road, south to Renmin Road, west to Zijin Road, Shengze Road, north to Jinling Dong Road, Ning Hai Dong Road (東至 200 街坊規劃綠地、河南南路、南至人民路、西至紫金路、盛澤路、北至金陵東路、寧海東路), with a total site area of 44,355.6 sq.m. with term of use of 50 years for office use and 40 years for commercial use.

Consideration and Payment Terms

The Consideration for the Remaining Plots is RMB8,783,273,000 (approximately HK\$9,661,600,000) and will be payable as follows pursuant to the Letter of Intent:

- (a) RMB1,756,654,600 (approximately HK\$1,932,320,000) (representing 20% of the Consideration, being the deposits) to be payable within five working days of the signing of the Land Use Rights Grant Contracts;
- (b) RMB2,634,981,900 (approximately HK\$2,898,480,000) (representing 30% of the Consideration) to be payable within one month of the signing of the Land Use Rights Grant Contracts; and
- (c) RMB4,391,636,500 (approximately HK\$4,830,800,000) (representing the balance of the Consideration) to be payable within one year of the signing of the Land Use Rights Grant Contracts.

The Consideration, being the tender price submitted by BPL under the said tender, was determined by the Company with reference to the current and future business prospect and development potential in the region which the Remaining Plots are situated and the overall prospect of the property market in Shanghai, the PRC. The Consideration for the Remaining Plots will be financed by the Group's internal resources and external financing.

REASONS FOR AND BENEFITS OF THE CURRENT ACQUISITION

The Project (the Initial Plots and the Remaining Plots) is a transit-oriented mixed-use development that will consist of real estate for residential, office, retail and hotel usage within an urban gentrification and historical restoration master design plan. Based on current planning, the Initial Plots will consist primarily of residential apartments and shikumen townhouses, together with offices, retail and hotel amounting to approximately 198,500 sq.m. in GFA. The Remaining Plots will consist primarily of office and retail usage that will yield approximately 308,000 sq.m. GFA. When combined together, the Project (the Initial Plots and the Remaining Plots) can offer approximately 506,500 sq.m. of maximum allowable GFA, subject to design and the government's planning approval and construction approval. The Current Acquisition for the Remaining Plots, together with the Initial Plots is a rare business development opportunity for the Group to grow its development properties pipeline in a tier-one city with robust demand, and to build its premium investment properties portfolio in Shanghai's proven downtown core.

The Project is centrally located in the heart of Huangpu District, Shanghai, the PRC, and is in close proximity to landmarks such as The Bund, Yu Gardens, East Nanjing Road High Street and the People's Square. With its prime location and one-of-a-kind place-making opportunity, the Project is well aligned with the Group's selective landbanking strategy of deep-rooting in tier-one cities, and presents the Group with a value-creation opportunity to connect the Bund to Huaihai Road, and Xintiandi to the Old City.

An important feature of the Remaining Plots and the Initial Plots is its location within the Shanghai government's urban redevelopment plan for Huangpu District. Situated in a neighbourhood with over 160 years of history, the Remaining Plots have a network of shikumens (石庫門 or lane houses), "li-long" alleyways (里弄), and rows of historical arcade buildings. This unique blend of Chinese and French architectural styles is representative of Shanghai's historical East-meets-West culture, and is a sight-seeing attraction for locals and foreigners alike. As part of the Shanghai government's regeneration plan, certain designated historical sites and heritage architecture will be restored and rebuilt, while its surrounding area will be redeveloped by the Group to create an iconic mixed-use development. With its historical value and close proximity to the established landmarks that have high foot traffic, the Group believes these factors will add to the attraction of the Project's development properties portion, as well as support the long-term growth of the Project's investment properties portion.

As a transit-oriented development, the Project has access to several key landmarks in Shanghai's downtown core. The Remaining Plots together with the Initial Plots both have access to the Yuyuan Station, which is an interchange station of the existing Metro Line 10 and Metro Line 14 that offers excellent connectivity. For instance, the Yuyuan Station is one station away from the Lujiazui Central Business District. Moreover, the Project also provides good vehicular accessibility via Yan'an Elevated Expressway, Renmin Road Tunnel, and Yan'an Road Tunnel. The Initial Plots and the Remaining Plots are adjacently situated next to each other along Jinling Road, and their amalgamation will benefit end-users and the Group. These may include shared access to transit entryways, common pathways to access various areas of the mixed-use neighbourhood, and the potential opportunity for the Group to better manage unit rent and leasing strategies as a mixed-use development.

The Group is optimistic of the medium and long-term prospects of the Project, and considers this a value-accretive landbanking transaction that will strengthen the Group's development property pipeline, and its premium investment property portfolio. The Group anticipates that the Remaining Plots will contribute meaningful recurrent rental income as the investment properties launch by phases, while its capital value will grow in line with the growth of the Mainland.

The Directors (including the independent non-executive Directors) believe that the Current Acquisition is conducted in the ordinary and usual course of business of the Group, and that the terms of the Current Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board confirms that none of the Directors had any material interests in the Current Acquisition and accordingly none of the Directors was required to abstain from voting on the resolutions in relation to the Current Acquisition.

LISTING RULES IMPLICATIONS

Reference is made to the Company's announcement dated 4 January 2022.

On 4 January 2022, the Company entered into the letter of intent on the acquisition of the land use rights for the Initial Plots. As the Current Acquisition and the Previous Acquisition involve the development of the Project and form a series of transactions, the Current Acquisition is required to be aggregated with the Previous Acquisition pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the Current Acquisition in aggregate with the Previous Acquisition exceed 100%, therefore they constitute a very substantial acquisition for the Company.

Given that the Current Acquisition is a Qualified Property Acquisition as defined under Rule 14.04(10C) of the Listing Rules, the Current Acquisition is subject to announcement and circular requirements but is exempt from (i) Shareholders' approval requirement pursuant to Rule 14.33A of the Listing Rules and (ii) the requirement to include a valuation report on the Remaining Plots in the circular pursuant to Rule 14.33B(3) of the Listing Rules.

A circular containing, among other things, further details of the Current Acquisition and financial information of the Group is expected to be despatched to the Shareholders for information in accordance with Rule 14.33B of the Listing Rules on or around 29 June 2023. Details of the Previous Acquisition is circulated in the Company's circular dated 20 January 2022.

GENERAL

BPL is a wholly-owned subsidiary of the Company and incorporated in Hong Kong with limited liability. The principal activity of BPL is investment holding.

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

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)” ,	each has the meaning ascribed to it under the
“connected person(s)” ,	Listing Rules;
“percentage ratio(s)” ,	
“subsidiary(ies)” ,	
“PRC Governmental Body” ,	
“Qualified Property Acquisition”	
“Board”	the board of Directors;

“BPL”	Brilliant Prestige Limited, a wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability;
“Company”	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 (stock code: 683);
“Consideration”	the total consideration for the acquisition of the Remaining Plots, being RMB8,783,273,000 (approximately HK\$9,661,600,000);
“Current Acquisition”	the acquisition of the land use rights of the Remaining Plots;
“Director(s)”	the director(s) of the Company;
“GFA”	gross floor area;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Initial Plots”	Plots 064-01, 065-01, 066-01, 067-01, Unit C010102, Guangchang Community, Huangpu District, Shanghai, the PRC (黃浦區廣場社區 C010102 單元 064-01、065-01、066-01、067-01 地塊), located east to Shengze Road, south to Renmin Road, west to Zhejiang Nan Road, north to Ninghai Dong Road (東至盛澤路、南至人民路、西至浙江南路、北至寧海東路), with a total site area of 38,102.7 sq.m. with term of use of 70 years for residential use, 50 years for office use and 40 years for commercial use;
“Land Use Rights Grant Contracts”	state-owned construction land use rights grant contracts (國有建設用地使用權出讓合同) to be entered into pursuant to the Letter of Intent;
“Letter of Intent”	a letter of intent entered into between Shanghai Huangpu District Planning and Natural Resources Bureau and BPL on 20 June 2023 after BPL successfully won the Remaining Plots at the tender;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“PRC” or “Mainland”	the People’s Republic of China;
“Previous Acquisition”	the acquisition of the land use rights of the Initial Plots;
“Project”	Heritage preservation and development project of the Initial Plots and the Remaining Plots;
“Remaining Plots”	the plots of land situated at Huangpu District, Shanghai, the PRC, details of which are set out in the section headed “Information of the Remaining Plots” in this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shanghai Huangpu District Planning and Natural Resources Bureau”	Shanghai Municipal Huangpu District Planning and Natural Resources Bureau* (上海市黃浦區規劃和自然資源局), a PRC Governmental Body responsible for, among other things, managing the primary land market, the tendering, auction and listing-for-sale of rights to use state-owned land in Huangpu District, Shanghai, the PRC;
“Shareholders”	shareholders of the Company;
“sq.m.”	square metre, unit of area;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

Amounts denominated in RMB in this announcement have been converted into HK\$ at the rate of RMB1=HK\$1.1 for illustration purpose.

By Order of the Board
Kerry Properties Limited
Kuok Khoon Hua
Chairman and Chief Executive Officer

Hong Kong, 20 June 2023

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

Executive Directors: *Mr. Kuok Khoon Hua and Mr. Au Hing Lun, Dennis*

Independent Non-executive Directors: *Ms. Wong Yu Pok, Marina, JP, Mr. Hui Chun Yue, David, Mr. Cheung Leong and Mr. Chum Kwan Lock, Grant*

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