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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)**

## **CONNECTED TRANSACTION**

### **CASH ADVANCE TO A JOINT VENTURE IN QIANHAI, THE PRC**

#### **CASH ADVANCE AGREEMENT**

On 18 September 2023, MPSZ (the lender), a wholly-owned subsidiary of the Company, and MFSZ (the borrower), the joint venture established for the Qianhai Project Site, entered into the Cash Advance Agreement, pursuant to which MPSZ agreed to advance cash in the principal amount up to RMB280,000,000 (approximately HK\$301,000,000) to MFSZ for a term of three years for the Kerry Project on the Qianhai Project Site.

#### **LISTING RULES IMPLICATIONS**

As MFSZ is held indirectly as to 50% by KHL and KHL is the controlling shareholder of the Company, MFSZ is therefore a connected person of the Company, and thus the transaction contemplated under the Cash Advance Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Cash Advance Agreement are more than 0.1% but are less than 5%, the transaction contemplated under the Cash Advance Agreement is subject to announcement and reporting requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

\* For identification purpose only

## INTRODUCTION

Reference is made to the 2016 Announcement. As disclosed in the 2016 Announcement, notwithstanding that the Qianhai Project Site is an asset of MFSZ (being the joint venture for the Qianhai Project Site), the Kerry Party and BEA shall only develop, manage and operate the Kerry Project and the BEA Project respectively and only be entitled to participate in the profits and losses of the Kerry Project and the BEA Project respectively as if each project was a separate and stand-alone business. The funding need of MFSZ in respect of the Kerry Project should therefore be met by the Kerry Party.

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## CASH ADVANCE AGREEMENT

The principal terms of the Cash Advance Agreement are as follows:

<b>Date of agreement:</b>	18 September 2023
<b>Lender:</b>	Million Palace Development (Shenzhen) Co., Ltd.*
<b>Borrower:</b>	Million Fortune Development (Shenzhen) Co., Ltd.*
<b>Principal amount:</b>	MFSZ may make cash advance at any time during the term of the Cash Advance Agreement up to RMB280,000,000 (approximately HK\$301,000,000).
<b>Interest:</b>	Interest is payable annually on 31 December for each calendar year during the term of the Cash Advance Agreement and at maturity.

Interest will be calculated based on the number of days for any tranche of advances that is outstanding in the calendar year, and at a daily rate calculated by dividing the latest available LPR(5Y) minus 70 basis points with 360 days for each payment (Interest = outstanding principal x number of days x daily rate).

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**Purposes of the cash advance:** The funds drawn under the Cash Advance Agreement are for the payment of construction and development costs, day-to-day expenditures, repayment of loans and interests, and as general working capital for the Kerry Project.

**Term:** For three (3) years from the date of the Cash Advance Agreement.

**Repayment Terms:** The outstanding principal amount of the advances under the Cash Advance Agreement shall be repaid in one lump sum at the end of the term of the Cash Advance Agreement.

MFSZ may, at any time during the term of the Cash Advance Agreement, by giving not less than 5 business days prior written notice to MPSZ, repay the outstanding cash advance in part or in full together with the corresponding outstanding interest at no additional charge. MFSZ is not entitled to redraw the repaid portion of the cash advance.

**Guarantee or security:** No guarantee or security will be provided by MFSZ or the Company.

## **INFORMATION OF THE GROUP AND THE PARTIES**

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.

MPSZ is wholly-owned by the Company. The principal activities of MPSZ are property trading and development in the PRC.

MFSZ is held indirectly as to 25%, 50% and 25% by the Company, KHL and BEA respectively. The principal activities of MFSZ are the development, management and operation of the Kerry Project and the BEA Project as disclosed in the 2016 Announcement.

KHL is incorporated in Hong Kong and is the controlling shareholder of the Company. The principal activity of KHL is investment holding.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CASH ADVANCE AGREEMENT**

The source of funds for the cash advance is the surplus cash of MPSZ. As the funds are required for the payment of construction and development costs of the Kerry Project and MPSZ will receive interest income from the cash advance, the Board considers that mobilising idle funds is a better utilisation of its resources, and the Directors believe that it is in the interest of the Company to provide the funding and complete the Kerry Project.

The terms of the Cash Advance Agreement were determined between the parties after arm's length negotiations and taking into account of prevailing market interest rates. The interest rate under the Cash Advance Agreement was determined with reference to the interest rates offered by financial institutions and is higher than the prevailing market interest rates for deposit obtained by MPSZ from the banks in the Mainland.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Cash Advance Agreement are fair and reasonable, and the transaction contemplated thereunder is entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, and is in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As MFSZ is held indirectly as to 50% by KHL and KHL is the controlling shareholder of the Company, MFSZ is therefore a connected person of the Company, and thus the transaction contemplated under the Cash Advance Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As Mr. Kuok Khoon Hua, the Chairman and Chief Executive Officer of the Company, has declared that he together with his associates are directly or indirectly interested in 5% or more of the issued shares of KHL, Mr. Kuok has abstained from voting on the relevant resolutions of the Board approving the Cash Advance Agreement and the transaction contemplated thereunder.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Cash Advance Agreement are more than 0.1% but are less than 5%, the transaction contemplated under the Cash Advance Agreement is subject to announcement and reporting requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

## DEFINITIONS

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

<b>“2016 Announcement”</b>	the Company’s announcement dated 7 December 2016 in relation to the establishment of a joint venture for the acquisition, holding and development of the Qianhai Project Site;
<b>“associate(s)”</b> , <b>“connected person”</b> , <b>“connected transaction”</b> , <b>“controlling shareholder”</b> , <b>“percentage ratios”</b> and <b>“subsidiary(ies)”</b>	each has the meaning ascribed to it under 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>“BEA Project”</b>	the development, construction, operation and management of a building for office and commercial use by the BEA and its subsidiaries;
<b>“Board”</b>	the board of Directors;
<b>“Cash Advance Agreement”</b>	the cash advance agreement dated 18 September 2023 entered into between MPSZ (as lender) and MFSZ (as borrower) in respect of cash advance to be made from MPSZ to MFSZ as detailed in this announcement;
<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>“Director(s)”</b>	the director(s) of the Company;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	The Hong Kong Special Administrative Region of the PRC;

<b>“Kerry Party”</b>	the Company and KHL;
<b>“Kerry Project”</b>	the development, construction, operation and management of a building for office and commercial use and a hotel by the Kerry Party;
<b>“KHL”</b>	Kerry Holdings Limited, a limited liability company incorporated in Hong Kong, which as at the date of this announcement is the controlling shareholder of the Company;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“LPR(5Y)”</b>	the 5-year term Loan Prime Rate calculated and published by the National Interbank Funding Center of the PRC from time to time;
<b>“MFSZ”</b>	Million Fortune Development (Shenzhen) Co., Ltd.* 寰裕置業(深圳)有限公司, a company incorporated in the PRC and indirectly owned by the Company, KHL and BEA as to 25%, 50% and 25% respectively;
<b>“MPSZ”</b>	Million Palace Development (Shenzhen) Co., Ltd.* 寰安置業(深圳)有限公司, a company incorporated in the PRC and wholly-owned by the Company;
<b>“PRC” or “Mainland”</b>	the People’s Republic of China;
<b>“Qianhai Project Site”</b>	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 metres for commercial use and a gross floor area of approximately 111,000 square metres;
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC;

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“**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\$1.075 for illustration purposes.*

By order of the Board  
**Kerry Properties Limited**  
**Cheng Wai Sin**  
*Company Secretary*

Hong Kong, 18 September 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 and  
Mr. Chum Kwan Lock, Grant*