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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)

(1) MAJOR TRANSACTION — PROVISION OF LOANS TO MINORITY SHAREHOLDERS

(2) CONNECTED AND MAJOR TRANSACTION — PROVISION OF LOAN TO A MINORITY SHAREHOLDER

MAJOR TRANSACTION — PROVISION OF LOANS TO MINORITY SHAREHOLDERS

Loan Agreement 7

On 22 December 2023, Kunshan Yuecheng, a 51% indirectly non-wholly owned subsidiary of the Company (as lender), Poly Jiangsu, an indirect wholly-owned subsidiary of the Company (as borrower), Suzhou China Merchants (as borrower) and Kunshan Xincheng (as borrower) entered into Loan Agreement 7, pursuant to which Kunshan Yuecheng conditionally agreed to grant loans of RMB918 million, RMB792 million and RMB90 million to Poly Jiangsu, Suzhou China Merchants and Kunshan Xincheng, respectively.

Loan 7 to be provided by Kunshan Yuecheng to Poly Jiangsu, Suzhou China Merchants and Kunshan Xincheng is proportional to the equity interests of Poly Jiangsu, Suzhou China Merchants and Kunshan Xincheng in Kunshan Yuecheng.

Loan Agreement 8

On 22 December 2023, SZ Baozhuo, a 51% indirectly non-wholly owned subsidiary of the Company (as lender), Huizhou Baozhi (as borrower) and SZ China Merchants (as borrower) entered into the Loan Agreement 8, pursuant to which SZ Baozhuo conditionally agreed to grant loans of RMB510 million and RMB490 million to Huizhou Baozhi and SZ China Merchants, respectively.

Loan 8 to be provided by SZ Baozhuo to SZ China Merchants and Huizhou Baozhi is proportional to the equity interest of SZ China Merchants and Huizhou Baozhi in SZ Baozhuo.

Loan Agreement 9

On 22 December 2023, SZ Baojie, a 51% indirectly non-wholly owned subsidiary of the Company (as lender), Huizhou Baozhi (as borrower) and SZ China Merchants (as borrower) entered into the Loan Agreement 9, pursuant to which SZ Baojie conditionally agreed to grant loans of RMB510 million and RMB490 million to Huizhou Baozhi and SZ China Merchants, respectively.

Loan 9 to be provided by SZ Baojie to SZ China Merchants and Huizhou Baozhi is proportional to the equity interest of SZ China Merchants and Huizhou Baozhi in SZ Baojie.

CONNECTED AND MAJOR TRANSACTION — PROVISION OF LOAN TO A MINORITY SHAREHOLDER

Loan Agreement 10

On 22 December 2023, SH Shengzhaohui, a 51% indirectly non-wholly owned subsidiary of the Company (as lender), SH Shengwang (as borrower) and SZ Zhaokun (as borrower) entered into the Loan Agreement 10, pursuant to which SH Shengzhaohui conditionally agreed to grant loans of approximately RMB1,791.5 million and approximately RMB1,721.3 million to SH Shengwang and SZ Zhaokun, respectively.

Loan 10 to be provided by SH Shengzhaohui to SH Shengwang and SZ Zhaokun is proportional to the equity interest of SH Shengwang and SZ Zhaokun in SH Shengzhaohui.

LISTING RULES IMPLICATIONS

Suzhou China Merchants' Loan 7, SZ China Merchants' Loan 8 and SZ China Merchants' Loan 9

As the Group granted Loan 1 and Loan 3 to SZ China Merchants on 15 August 2022, and further granted certain portions of Loan 5 and Loan 6 to SZ China Merchants on 27 February 2023, and since SZ China Merchants and Suzhou China Merchants are subsidiaries of China Merchants Shekou Industrial Zone Holdings Co., Ltd.* (招商局蛇口工業區控股股份有限公司) (a listed company on the Shenzhen Stock Exchange, with a stock code of SZ.001979), Suzhou China Merchants' Loan 7, SZ China Merchants' Loan 8 and SZ China Merchants' Loan 9 should be aggregated with Loan 1, Loan 3 and portions of Loan 5 and Loan 6 relating to SZ China Merchants and treated as if they were one transaction in calculating the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules).

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of Suzhou China Merchants' Loan 7, SZ China Merchants' Loan 8 and SZ China Merchants' Loan 9 when aggregated with Loan 1, Loan 3, portion of Loan 5 and Loan 6 relating to SZ China Merchants exceed 25% but all of which are below 75%, and accordingly, the granting of Suzhou China Merchants' Loan 7, SZ China Merchants' Loan 8 and SZ China Merchants' Loan 9 constitute a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Loan 2, Loan 4, and the remaining portions of Loan 5, Loan 6, Loan 8 and Loan 9 were granted or to be granted to Huizhou Baozhi, an indirect wholly-owned subsidiary of the Company, these loans would not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

The portion of Loan 7 to be granted to Kunshan Xincheng would not exceed 5% of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules). Therefore, such portion of Loan 7 to be granted would not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

Since Poly Jiangsu is an indirect wholly-owned subsidiary of the Company, the remaining portion of Loan 7 to be granted to Poly Jiangsu would not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

SZ Zhaokun's Loan 10

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of SZ Zhaokun's Loan 10 exceed 25% but all of which are below 75%, and accordingly, the granting of SZ Zhaokun's Loan 10 constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the SZ Zhaokun is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of SH Shenzhaohui, the SZ Zhaokun's Loan 10 constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, as (i) SZ Zhaokun is a connected person of the Company at the subsidiary level; (ii) the transactions contemplated under the Loan Agreement 10 are on normal commercial terms; and (iii) the Board (including all the independent non-executive Directors) have approved the transactions and confirmed that the transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the Loan Agreement 10 are subject to reporting and announcement but are exempted from independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has any interest in the New Loan Agreements and is required to abstain from voting on the same at the relevant meeting of the Board.

The remaining portion of Loan 10 to be granted to SH Shengwang, an indirect wholly-owned subsidiary of the Company, would not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

Each of the New Loan Agreements is subject to the approval of the Shareholders at the EGM, but the approval of which is not inter-conditional. In other words, the New Loan Agreements may be individually approved by the Shareholders.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting in respect of the New Loan Agreements and the transactions contemplated thereunder at the EGM. A circular containing, amongst other things, further details of Suzhou China Merchants' Loan 7, SZ China Merchants' Loan 8, SZ China Merchants' Loan 9 and SZ Zhaokun's Loan 10 and the notice of the EGM is expected to be despatched to Shareholders on or around 16 January 2024.

PROVISION OF LOANS TO MINORITY SHAREHOLDERS

Reference is made to the announcements of the Company dated 15 August 2022 and 27 February 2023, respectively, in relation to disclosable transactions regarding provision of loans to a minority shareholder.

LOAN AGREEMENT 7

On 22 December 2023, Kunshan Yuecheng, a 51% indirectly non-wholly owned subsidiary of the Company (as lender), Poly Jiangsu, an indirect wholly-owned subsidiary of the Company (as borrower), Suzhou China Merchants (as borrower) and Kunshan Xincheng (as borrower) entered into the Loan Agreement 7, pursuant to which

Kunshan Yuecheng conditionally agreed to grant loans of RMB918 million, RMB792 million and RMB90 million to Poly Jiangsu, Suzhou China Merchants and Kunshan Xincheng, respectively.

Loan 7 to be provided by Kunshan Yuecheng to Poly Jiangsu, Suzhou China Merchants and Kunshan Xincheng is proportional to the equity interests of Poly Jiangsu, Suzhou China Merchants and Kunshan Xincheng in Kunshan Yuecheng.

PRINCIPAL TERMS OF THE LOAN AGREEMENT 7

Date	:	22 December 2023
Lender	:	Kunshan Yuecheng
Borrowers	:	Poly Jiangsu Suzhou China Merchants Kunshan Xincheng
Maximum principal of Poly Jiangsu	:	RMB918 million
Maximum principal of Suzhou China Merchants	:	RMB792 million
Maximum principal of Kunshan Xincheng	:	RMB90 million

Loan 7 is unsecured, interest-free, and has a maximum loan period of not more than 10 years, starting from each drawdown date when funds are provided by Kunshan Yuecheng to Poly Jiangsu, Suzhou China Merchants and/or Kunshan Xincheng. Kunshan Yuecheng has the right to request repayment of Loan 7 at any time during the loan period, and the borrowers shall repay Loan 7 within 15 working days from the date of receipt of the written notice from Kunshan Yuecheng.

The actual amount of Loan 7 would be (i) subject to the available funds and business conditions of Kunshan Yuecheng, and (ii) proportional to the equity interest of Poly Jiangsu, Suzhou China Merchants and Kunshan Xincheng in Kunshan Yuecheng.

The term of the Loan Agreement 7 will be valid for 10 years upon approval by the Shareholders. In any event, all loans advanced under the Loan Agreement 7 must be repaid within the validity period.

Loan 7 is not a revolving loan facility. Unlike a revolving loan facility, which allows borrowers to repeatedly borrow and repay funds within a specified limit and period, Loan 7 does not permit borrowers to re-borrow any part of the repaid principal amount. Once the borrower repays any portion of the loan under the Loan Agreement 7, they are not permitted to access the repaid funds again.

The amount of Loan 7 was determined after arm's length negotiation among Kunshan Yuecheng, Poly Jiangsu, Suzhou China Merchants and Kunshan Xincheng.

Loan 7 will be funded by internal resources of Kunshan Yuecheng.

LOAN AGREEMENT 8

On 22 December 2023, SZ Baozhuo, a 51% indirectly non-wholly owned subsidiary of the Company (as lender), Huizhou Baozhi (as borrower) and SZ China Merchants (as borrower) entered into the Loan Agreement 8, pursuant to which SZ Baozhuo conditionally agreed to grant loans of RMB510 million and RMB490 million to Huizhou Baozhi and SZ China Merchants, respectively.

Loan 8 to be provided by SZ Baozhuo to SZ China Merchants and Huizhou Baozhi is proportional to the equity interest of SZ China Merchants and Huizhou Baozhi in SZ Baozhuo.

PRINCIPAL TERMS OF THE LOAN AGREEMENT 8

Date : 22 December 2023

Lender : SZ Baozhuo

Borrowers : Huizhou Baozhi
SZ China Merchants

Maximum principal of Huizhou Baozhi : RMB510 million

Maximum principal of SZ China Merchants : RMB490 million

Loan 8 is unsecured, interest-free, and has a maximum loan period of not more than 10 years, starting from the date when the lender actually lends the fund. SZ Baozhuo has the right to request repayment of Loan 8 at any time during the loan period, and the borrowers shall repay loan within 15 working days from the date of receipt of the written notice from SZ Baozhuo.

The actual amount of Loan 8 would be (i) subject to the available funds and business conditions of SZ Baozhuo, and (ii) proportional to the equity interest of Huizhou Baozhi and SZ China Marchants in SZ Baozhuo.

The term of the Loan Agreement 8 will be valid for 10 years upon approval by the Shareholders. In any event, all loans advanced under the Loan Agreement 8 must be repaid within the validity period.

Loan 8 is not a revolving loan facility. Unlike a revolving loan facility, which allows borrowers to repeatedly borrow and repay funds within a specified limit and period, Loan 8 does not permit borrowers to re-borrow any part of the repaid principal amount. Once the borrower repays any portion of the loan under the Loan Agreement 8, they are not permitted to access the repaid funds again.

The amount of Loan 8 was determined after arm's length negotiation between SZ Baozhuo, SZ China Merchants and Huizhou Baozhi.

Loan 8 will be funded by the internal resources of SZ Baozhuo.

LOAN AGREEMENT 9

On 22 December 2023, SZ Baojie, a 51% indirectly non-wholly owned subsidiary of the Company (as lender), Huizhou Baozhi (as borrower) and SZ China Merchants (as borrower) entered into the Loan Agreement 9, pursuant to which SZ Baojie conditionally agreed to grant loans of RMB510 million and RMB490 million to Huizhou Baozhi and SZ China Merchants, respectively.

Loan 9 to be provided by SZ Baojie to SZ China Merchants and Huizhou Baozhi is proportional to the equity interest of SZ China Merchants and Huizhou Baozhi in SZ Baojie.

PRINCIPAL TERMS OF THE LOAN AGREEMENT 9

Date : 22 December 2023

Lender : SZ Baojie

Borrowers : Huizhou Baozhi
SZ China Merchants

Maximum principal of Huizhou Baozhi : RMB510 million

Maximum principal of SZ China Merchants : RMB490 million

Loan 9 is unsecured, interest-free, and have a maximum loan period of not more than 10 years, starting from the date when the lender actually lends the fund. SZ Baojie has the right to request repayment of Loan 9 at any time during the loan period, and the borrowers shall repay loan within 15 working days from the date of receipt of the written notice from SZ Baojie.

The actual amount of Loan 9 would be (i) subject to the available funds and business conditions of SZ Baojie, and (ii) proportional to the equity interest of Huizhou Baozhi and SZ China Marchants in SZ Baojie.

The term of the Loan Agreement 9 will be valid for 10 years upon approval by the Shareholders. In any event, all loans advanced under the Loan Agreement 9 must be repaid within the validity period.

Loan 9 is not a revolving loan facility. Unlike a revolving loan facility, which allows borrowers to repeatedly borrow and repay funds within a specified limit and period, Loan 9 does not permit borrowers to re-borrow any part of the repaid principal amount. Once the borrower repays any portion of the loan under the Loan Agreement 9, they are not permitted to access the repaid funds again.

The amount of Loan 9 was determined after arm's length negotiation between SZ Baojie, SZ China Merchants and Huizhou Baozhi.

Loan 9 will be funded by the internal resources of SZ Baojie.

LOAN AGREEMENT 10

On 22 December 2023, SH Shengzhaohui, a 51% indirectly non-wholly owned subsidiary of the Company (as lender), SH Shengwang (as borrower) and SZ Zhaokun (as borrower) entered into the Loan Agreement 10, pursuant to which SH Shengzhaohui conditionally agreed to grant loans of approximately RMB1,791.5 million and approximately RMB1,721.3 million to SH Shengwang and SZ Zhaokun, respectively.

Loan 10 to be provided by SH Shengzhaohui to SH Shengwang and SZ Zhaokun is proportional to the equity interest of SH Shengwang and SZ Zhaokun in SH Shengzhaohui.

PRINCIPAL TERMS OF THE LOAN AGREEMENT 10

Date	:	22 December 2023
Lender	:	SH Shengzhaohui
Borrowers	:	SH Shengwang SZ Zhaokun
Maximum principal of SH Shengwang	:	Approximately RMB1,791.5 million
Maximum principal of SZ Zhaokun	:	Approximately RMB1,721.3 million

Loan 10 is unsecured, interest-free, and has a maximum loan period of not more than 10 years, starting from each drawdown date when funds are provided by SH Shengzhaohui to SH Shengwang and SZ Zhaokun. SH Shengzhaohui has the right to request repayment of Loan 10 at any time during the loan period, and the borrowers shall repay loan within 10 working days from the date of receipt of the written notice from SH Shengzhaohui.

The actual amount of Loan 10 would be (i) subject to the available funds and business conditions of SH Shengzhaohui, and (ii) proportional to the equity interest of SH Shengwang and SZ Zhaokun in SH Shengzhaohui.

The term of the Loan Agreement 10 will be valid for 10 years upon approval by the Shareholders. In any event, all loans advanced under the Loan Agreement 10 must be repaid within the validity period.

Loan 10 is not a revolving loan facility. Unlike a revolving loan facility, which allows borrowers to repeatedly borrow and repay funds within a specified limit and period, Loan 10 does not permit borrowers to re-borrow any part of the repaid principal amount. Once the borrower repays any portion of the loan under the Loan Agreement 10, they are not permitted to access the repaid funds again.

The amount of Loan 10 was determined after arm's length negotiation among SH Shengzhaohui, SH Shengwang and SZ Zhaokun.

Loan 10 will be funded by the internal resources of SH Shengzhaohui.

REASONS FOR AND BENEFITS OF PROVISION OF LOANS TO MINORITY SHAREHOLDERS

Loan 7

Poly Jiangsu, Suzhou China Merchants and Kunshan Xincheng hold 51%, 44% and 5% in the capital of Kunshan Yuecheng, respectively. The principal business of Kunshan Yuecheng is real estate development and operation and construction engineering design in the PRC. Kunshan Yuecheng expects that the Tongfenglu Project would receive sales proceeds from pre-sales of the properties under construction, which would be sufficient to cover the Tongfenglu Project's construction costs, management fees, taxes and loan repayments in the next 12 months. Therefore, even after Poly Jiangsu, Suzhou China Merchants and Kunshan Xincheng draw down the Loan 7, it is expected that the sales proceeds would still be sufficient to cover the funding requirements for the Tongfenglu Project. The Tongfenglu Project is currently under construction and in pre-sales.

After careful consideration, Poly Jiangsu, Suzhou China Merchants and Kunshan Xincheng are of the view that it is in their best interest to utilize the surplus funds of Kunshan Yuecheng to support their production and operation, therefore, Poly Jiangsu, Suzhou China Merchants and Kunshan Xincheng entered into Loan Agreement 7 with Kunshan Yuecheng. Poly Jiangsu, Suzhou China Merchants and Kunshan Xincheng

agreed that they will repay their respective loans in proportion to their equity interests when Kunshan Yuecheng demands repayment. According to Loan Agreement 7, if any of the borrowers fails to repay the loans, it shall pay liquidated damages to the lender and the non-defaulting party, respectively. If the defaulting shareholder fails to repay the loan, Kunshan Yuecheng has the right to withhold any amounts payable to the defaulting shareholder (including but not limited to shareholder's loan and dividends). Furthermore, if the relevant loan is overdue for more than 60 days, (i) the non-defaulting shareholder also has the right to dilute the equity interest of the defaulting shareholder in Kunshan Yuecheng, and (ii) additional liquidated damages would be payable to the non-defaulting shareholder.

Loan 8 and Loan 9

Huizhou Baozhi has 51% interest in each of the capital of SZ Baozhuo and SZ Baojie, respectively. SZ China Merchants has 49% interest in each of the capital of SZ Baozhuo and SZ Baojie, respectively. The principal business of SZ Baozhuo and SZ Baojie are property development in the PRC. SZ Baozhuo and SZ Baojie expect that the SZ Projects would receive sales proceeds from pre-sales of the properties under construction, which would be sufficient for the construction costs, administrative expenses, taxes and loan repayments for the next 12 months for the SZ Projects. Therefore, even after each of Huizhou Baozhi and SZ China Merchants draw down the loans from SZ Baozhuo and SZ Baojie, it is expected that the sales proceeds would still be sufficient to cover the funding requirements for the SZ Projects. The SZ Projects are currently under construction and in pre-sales.

After careful consideration, both SZ China Merchants and Huizhou Baozhi are of the view that it is in the best interest to both parties to utilize the surplus funds of SZ Baozhuo and SZ Baojie to support their production and operation, therefore, SZ China Merchants and Huizhou Baozhi entered into the Loan Agreement 8 and Loan Agreement 9 with SZ Baozhuo and SZ Baojie on the same terms and conditions regarding the provision of the loans in proportion to their equity interests. SZ China Merchants and Huizhou Baozhi agreed that they will repay the loans in proportion to their equity interests when SZ Baozhuo and SZ Baojie require funds to develop the SZ Projects. According to Loan Agreement 8 and Loan Agreement 9, if any of the borrowers fails to repay the loans, it shall pay liquidated damages to the lender and the non-defaulting party, respectively. If the defaulting shareholder fails to repay the loan, the lender has the right to withhold any amounts payable to the defaulting shareholder (including but not limited to shareholder's loan and dividends). Furthermore, if the relevant loan is overdue for more than 60 days, (i) the non-defaulting shareholder also has the right to dilute the equity interest of the defaulting shareholder in SZ Baozhuo or SZ Baojie, as the case maybe, and (ii) additional liquidated damages would be payable to both the non-defaulting shareholders and SZ Baozhuo or SZ Baojie, as the case maybe.

Loan 10

SH Shengwang and SZ Zhaokun hold 51%, 49% in the capital of SH Shengzhaohui, respectively. The principal business of SH Shengzhaohui are real estate development and operation and construction engineering design in the PRC. SH Shengzhaohui expects that the Zhuyinglu Project would receive sales proceeds from pre-sales of the properties under construction, which would be sufficient to cover the Zhuyinglu Project's construction costs, management fees, taxes and loan repayments in the next 12 months. Therefore, even after SH Shengwang and SZ Zhaokun draw down the Loan 10, it is expected that the sales proceeds would still be sufficient to cover the funding requirements for the Zhuyinglu Project. The Zhuyinglu Project is currently under construction and in pre-sales.

After careful consideration, SH Shengwang and SZ Zhaokun are of the view that it is in their best interest to utilize the surplus funds of SH Shengzhaohui to support their production and operation, therefore, SH Shengwang and SZ Zhaokun entered into the Loan Agreement 10 with SH Shengzhaohui. SH Shengwang and SZ Zhaokun agreed that they will repay their respective loans in proportion to their equity interests when SH Shengzhaohui demands repayment. According to Loan Agreement 10, if any of the borrowers fails to repay the loans, it shall pay liquidated damages to the non-defaulting party. If the defaulting shareholder fails to repay the loan, SH Shengzhaohui has the right to withhold any amounts payable to the defaulting shareholder (including but not limited to shareholder's loan and dividends). Furthermore, if the relevant loan is overdue for more than 60 days, (i) the non-defaulting shareholder also has the right to dilute the equity interest of the defaulting shareholder in SH Shengzhaohui, and (ii) additional liquidated damages would be payable to the non-defaulting shareholder.

Based on the above, and taking into account the funding needs of the Group for general working capital purposes and the additional cost of external financing, the Directors (including the independent non-executive Directors) are of the view that the terms of each of the New Loan Agreements are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION RELATING TO THE COMPANY AND THE GROUP

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.

Kunshan Yuecheng

Kunshan Yuecheng, the lender of Loan 7, is a limited liability company established in the PRC, which principally engaged in property development and operation and construction engineering design and is an indirect 51% owned subsidiary of the Company. The remaining 49% interest is held as to 44% and 5% by Suzhou China Merchants and Kunshan Xincheng, respectively.

SZ Baozhuo

SZ Baozhuo, the lender of Loan 8, is a limited liability company established in the PRC, which principally engaged in property development and is an indirect 51% owned subsidiary of the Company. The remaining 49% interest is held by SZ China Merchants.

SZ Baojie

SZ Baojie, the lender of Loan 9, is a limited liability company established in the PRC, which principally engaged in property development and is an indirect 51% owned subsidiary of the Company. The remaining 49% interest is held by SZ China Merchants.

SZ Baozhuo, SZ Baojie together with Kunshan Yuecheng on an aggregated basis are an “insignificant subsidiary” of the Company as defined by Rule 14A.09(1) of the Listing Rules.

SH Shengzhaohui

SH Shengzhaohui, the lender of Loan 10, is a limited liability company established in the PRC, which principally engaged in real estate development and operation and construction engineering design and is an indirect 51% owned subsidiary of the Company. The remaining 49% interest is held by SZ Zhaokun.

Poly Jiangsu

Poly Jiangsu, one of the borrowers of Loan 7, is a limited liability company established in the PRC, which principally engaged in property development and is an indirect wholly-owned subsidiary of the Company.

Huizhou Baozhi

Huizhou Baozhi, one of the borrowers of Loan 8 and Loan 9, is a limited liability company established in the PRC, which principally engaged in property development and is an indirect wholly-owned subsidiary of the Company.

SH Shengwang

SH Shengwang, one of the borrowers of Loan 10, is a limited liability company established in the PRC, which principally engaged in property development and is an indirect wholly-owned subsidiary of the Company.

INFORMATION RELATING TO SUZHOU CHINA MERCHANTS, SZ CHINA MERCHANTS, KUNSHAN XINCHENG AND SZ ZHAOKUN

Suzhou China Merchants

Suzhou China Merchants, one of the borrowers of Loan 7, is a limited liability company established in the PRC, which principally engaged in real estate development and operation, house sales and leasing, property management, business management, and real estate project consulting and management. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, China Merchants Shekou Industrial Zone Holdings Co., Ltd.* (招商局蛇口工業區控股股份有限公司) (a listed company on the Shenzhen Stock Exchange, with a stock code of SZ.001979) and Shenzhen China Merchants Real Estate Company Limited* (深圳招商房地產有限公司) own 95% and 5% of the equity interest in Suzhou China Merchants, respectively. Shenzhen China Merchants Real Estate Company Limited is a wholly-owned subsidiary of China Merchants Shekou Industrial Zone Holdings Co., Ltd. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, Suzhou China Merchants and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons under the Listing Rules.

SZ China Merchants

SZ China Merchants, one of the borrowers of the Loan 8 and Loan 9, is a limited liability company established in the PRC, which principally engaged in real estate development and operation, property management, housing rental, interior and exterior design services, business information consulting, and parking management services. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, China Merchants Shekou Industrial Zone Holdings Co., Ltd.* (招商局蛇口工業區控股股份有限公司) (a listed company on the Shenzhen Stock Exchange, with a stock code of SZ.001979) and Shenzhen TCL Real Estate Company Limited* (深圳TCL房地產有限公司) own 70% and 30% of the equity interest in SZ China Merchants, respectively. TCL Technology Industry Company Limited* (TCL科技產業園有限公司) and Shenzhen Haiguzhou Real Estate Development Company Limited* (深圳市海谷州置業發展有限公司) own 70% and 30% of the equity interest in Shenzhen TCL Real Estate Company Limited, respectively. Huizhou Lida Tiancheng Equity Investment Company Limited* (惠州礪達天成股權投資有限公司) and Zhong Weijian* (鐘偉堅) indirectly own 99.99% and 0.01% of the equity interest in TCL Technology Industry Company Limited, and Li Dongsheng* (李東生) own 51% of the equity interest in Huizhou Lida Tiancheng Equity Investment Company Limited. The

equity interest in Huizhou Lida Tiancheng Equity Investment Company Limited held by each of its remaining shareholder is no more than 30%. Shenzhen Haiguchi Investment Company Limited* (深圳市海谷池投資有限公司) own 71.66% of the equity interest in Shenzhen Haiguzhou Real Estate Development Company Limited. The equity interest in Shenzhen Haiguzhou Real Estate Development Company Limited held by each of its remaining shareholder is no more than 30%. Shenzhen Haiguchi Investment Company Limited is ultimately held as to 65% and 35% by Cui Xiaowen* (崔曉文) and Cui Yizheng* (崔宜征), 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, SZ China Merchants and its ultimate beneficial owners are third parties independent of the Company and its connected persons under the Listing Rules.

Kunshan Xincheng

Kunshan Xincheng, one of the borrowers of Loan 7, is a limited liability company established in the PRC, which principally engaged in real estate development, property management, and market construction development and management. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, Kunshan Xincheng is a wholly-owned subsidiary of Kunshan Guochuang Investment Group Co., Ltd.* (昆山國創投資集團有限公司). Kunshan Guochuang Investment Group Co., Ltd. is a wholly-owned subsidiary of Kunshan Municipal Government State-owned Assets Supervision and Administration Office* (昆山市政府國有資產監督管理辦公室). To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, Kunshan Xincheng and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons under the Listing Rules.

SZ Zhaokun

SZ Zhaokun, one of the borrowers of Loan 10, is a limited liability company established in the PRC, which principally engaged in real estate development, property management, and market construction development and management, housing leasing and real estate agency services. SZ Zhaokun is an indirect wholly-owned subsidiary of C&D International Investment Group Limited (建發國際投資集團有限公司) (a listed company on the Stock Exchange, with a stock code of 1908). To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, SZ Zhaokun is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of SH Shenzhaohui. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement and save as to the disclosure above, SZ Zhaokun and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons under the Listing Rules.

LISTING RULES IMPLICATIONS

Suzhou China Merchants' Loan 7, SZ China Merchants' Loan 8 and SZ China Merchants' Loan 9

As the Group granted Loan 1 and Loan 3 to SZ China Merchants on 15 August 2022, and further granted certain portions of Loan 5 and Loan 6 to SZ China Merchants on 27 February 2023, and since SZ China Merchants and Suzhou China Merchants are subsidiaries of China Merchants Shekou Industrial Zone Holdings Co., Ltd.* (招商局蛇口工業區控股股份有限公司) (a listed company on the Shenzhen Stock Exchange, with a stock code of SZ.001979), Suzhou China Merchants' Loan 7, SZ China Merchants' Loan 8 and SZ China Merchants' Loan 9 should be aggregated with Loan 1, Loan 3 and portions of Loan 5 and Loan 6 relating to SZ China Merchants and treated as if they were one transaction in calculating the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules).

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of Suzhou China Merchants' Loan 7, SZ China Merchants' Loan 8 and SZ China Merchants' Loan 9 when aggregated with Loan 1, Loan 3, portion of Loan 5 and Loan 6 relating to SZ China Merchants exceed 25% but all of which are below 75%, and accordingly, the granting of Suzhou China Merchants' Loan 7, SZ China Merchants' Loan 8 and SZ China Merchants' Loan 9 constitute a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Loan 2, Loan 4, and the remaining portions of Loan 5, Loan 6, Loan 8 and Loan 9 were granted or to be granted to Huizhou Baozhi, an indirect wholly-owned subsidiary of the Company, these loans would not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

The portion of Loan 7 to be granted to Kunshan Xincheng would not exceed 5% of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules). Therefore, such portion of Loan 7 to be granted would not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

Since Poly Jiangsu is an indirect wholly-owned subsidiary of the Company, the remaining of Loan 7 to be granted to Poly Jiangsu would not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

SZ Zhaokun's Loan 10

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of SZ Zhaokun's Loan 10 exceed 25% but all of which are below 75%, and accordingly, the granting of SZ Zhaokun's Loan 10 constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the SZ Zhaokun is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of SH Shenzhaohui, the SZ Zhaokun's Loan 10 constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, as (i) SZ Zhaokun is a connected person of the Company at the subsidiary level; (ii) the transactions contemplated under the Loan Agreement 10 are on normal commercial terms; and (iii) the Board (including all the independent non-executive Directors) have approved the transactions and confirmed that the transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the Loan Agreement 10 are subject to reporting and announcement but are exempted from independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The remaining portion of Loan 10 to be granted to SH Shengwang, an indirect wholly-owned subsidiary of the Company, would not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

None of the Directors has any interest in the New Loan Agreements and is required to abstain from voting on the same at the relevant meeting of the Board.

Each of the New Loan Agreements is subject to the approval of the Shareholders at the EGM, but the approval of which is not inter-conditional. In other words, the New Loan Agreements may be individually approved by the Shareholders.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting in respect of the New Loan Agreements and the transactions contemplated thereunder at the EGM. A circular containing, amongst other things, further details of Suzhou China Merchants' Loan 7, SZ China Merchants' Loan 8, SZ China Merchants' Loan 9 and SZ Zhaokun's Loan 10 and the notice of the EGM is expected to be despatched to Shareholders on or around 16 January 2024.

DEFINITIONS

In this announcement, the following expressions have the meanings as set out below unless the context otherwise requires:

“Board”	board of Directors of the Company
“Company”	Poly Property Group Co., Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	directors of the Company

“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, among other things, the Loan Agreement 7, Loan Agreement 8, Loan Agreement 9 and Loan Agreement 10
“Group”	the Company and its subsidiaries
“Huizhou Baozhi”	Huizhou Baozhi Real Estate Development Company Limited* (惠州市保置房地產開發有限公司), a limited liability company established in the PRC, principally engaged in property development and is an indirect wholly-owned subsidiary of the Company
“Kunshan Xincheng”	Kunshan Xincheng Development and Construction Company Limited* (昆山市新城發展建設有限公司), a limited liability company established in the PRC
“Kunshan Yuecheng”	Kunshan Yuecheng Property Company Limited* (昆山市悅城置業有限公司), a limited liability company established in the PRC, and is an indirect 51% owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan 1”	the loan amount of approximately RMB276 million provided by SZ Baozhuo to SZ China Merchants pursuant to Loan Agreement 1
“Loan 2”	the loan amount of approximately RMB287 million provided by SZ Baozhuo to Huizhou Baozhi pursuant to Loan Agreement 2
“Loan 3”	the loan amount of approximately RMB106 million provided by SZ Baojie to SZ China Merchants pursuant to Loan Agreement 3
“Loan 4”	the loan amount of approximately RMB111 million provided by SZ Baojie to Huizhou Baozhi pursuant to Loan Agreement 4
“Loan 5”	the loan amount of approximately RMB937 million and approximately RMB900 million provided by SZ Baozhuo to Huizhou Baozhi and SZ China Merchants pursuant to Loan Agreement 5

- “Loan 6” the loan amount of approximately RMB104 million and approximately RMB100 million provided by SZ Baojie to Huizhou Baozhi and SZ China Merchants pursuant to Loan Agreement 6
- “Loan 7” the loan of RMB1,800 million conditionally provided by Kunshan Yuecheng to Poly Jiangsu (RMB918 million), Suzhou China Merchants (RMB792 million) and Kunshan Xincheng (RMB90 million) pursuant to Loan Agreement 7
- “Loan 8” the loan of RMB1,000 million conditionally provided by SZ Baozhuo to Huizhou Baozhi (RMB510 million), and SZ China Merchants (RMB490 million) pursuant to Loan Agreement 8
- “Loan 9” the loan of RMB1,000 million conditionally provided by SZ Baojie to Huizhou Baozhi (RMB510 million), and SZ China Merchants (RMB490 million) pursuant to Loan Agreement 9
- “Loan 10” the loan of RMB3,512.8 million conditionally provided by SH Shengzhaohui to SH Shengwang (approximately RMB1,791.5 million), and SZ Zhaokun (approximately RMB1,721.3 million) pursuant to Loan Agreement 10
- “Loan Agreement 1” the loan agreement dated 15 August 2022 entered into between SZ Baozhuo and SZ China Merchants in relation to Loan 1
- “Loan Agreement 2” the loan agreement dated 15 August 2022 entered into between SZ Baozhuo and Huizhou Baozhi in relation to Loan 2
- “Loan Agreement 3” the loan agreement dated 15 August 2022 entered into between SZ Baojie and SZ China Merchants in relation to Loan 3
- “Loan Agreement 4” the loan agreement dated 15 August 2022 entered into between SZ Baojie and Huizhou Baozhi in relation to Loan 4
- “Loan Agreement 5” the loan agreement dated 27 February 2023 entered into between SZ Baozhuo, Huizhou Baozhi and SZ China Merchants in relation to Loan 5
- “Loan Agreement 6” the loan agreement dated 27 February 2023 entered into between SZ Baojie, Huizhou Baozhi and SZ China Merchants in relation to Loan 6
- “Loan Agreement 7” the loan agreement dated 22 December 2023 entered into amongst Poly Jiangsu, Suzhou China Merchants, Kunshan Xincheng and Kunshan Yuecheng in relation to Loan 7

“Loan Agreement 8”	the loan agreement dated 22 December 2023 entered into amongst SZ Baozhuo, Huizhou Baozhi and SZ China Merchants in relation to Loan 8
“Loan Agreement 9”	the loan agreement dated 22 December 2023 entered into amongst SZ Baojie, Huizhou Baozhi and SZ China Merchants in relation to Loan 9
“Loan Agreement 10”	the loan agreement dated 22 December 2023 entered into amongst SH Shengzhaohui, SH Shengwang, and SZ Zhaokun in relation to Loan 10
“New Loan Agreements”	Loan Agreement 7, Loan Agreement 8, Loan Agreement 9 and Loan Agreement 10
“Poly Jiangsu”	Poly Jiangsu Property Company Limited* (保利江蘇置業有限公司), a limited liability company established in the PRC, and is an indirect wholly-owned subsidiary of the Company
“PRC” or “China”	People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SH Shengwang”	Shanghai Shengwang Property Company Limited* (上海盛萬置業有限公司), a limited liability company established in the PRC, and is an indirect wholly-owned subsidiary of the Company
“SH Shengzhaohui”	Shanghai Shengzhaohui Real Estate Development Company Limited* (上海盛兆薈房地產開發有限公司), a limited liability company established in the PRC, principally engaged in business property development and is an indirect 51% owned subsidiary of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou China Merchants”	China Merchants Real Estate (Suzhou) Company Limited* (招商局地產(蘇州)有限公司), a limited liability company established in the PRC
“Suzhou China Merchants’ Loan 7”	RMB792 million of Loan 7 conditionally provided by Kunshan Yuecheng to Suzhou China Merchants pursuant to Loan Agreement 7

“SZ Baojie”	Shenzhen Baojie Real Estate Development Company Limited* (深圳市保捷房地產開發有限公司), a limited liability company established in the PRC, principally engaged in property development and is an indirect 51% owned subsidiary of the Company
“SZ Baozhuo”	Shenzhen Baozhuo Real Estate Development Company Limited* (深圳市保卓房地產開發有限公司), a limited liability company established in the PRC, principally engaged in property development and is an indirect 51% owned subsidiary of the Company
“SZ China Merchants”	Shenzhen Pingshan China Merchants Real Estate Company Limited* (深圳坪山招商房地產有限公司), a limited liability company established in the PRC, principally engaged in real estate development and operation, property management, housing rental, interior and exterior design services, business information consulting, and parking management services
“SZ China Merchants’ Loan 8”	RMB490 million of Loan 8 conditionally provided by SZ Baozhuo to SZ China Merchants pursuant to Loan Agreement 8
“SZ China Merchants’ Loan 9”	RMB490 million of Loan 9 conditionally provided by SZ Baojie to SZ China Merchants pursuant to Loan Agreement 9
“SZ Projects”	<ul style="list-style-type: none"> i) Longhua Longyu Project in Shenzhen Area* (深圳區域龍華龍譽項目), which directly 100% owned by SZ Baozhuo; and ii) Longgang Yongshan Project* (龍崗雍山郡項目), which directly 100% owned by SZ Baojie
“SZ Zhaokun”	Suzhou Zhaokun Property Development Company Limited* (蘇州兆坤房地產開發有限公司), a limited liability company established in the PRC
“SZ Zhaokun’s Loan 10”	approximately RMB1,721.3 million of Loan 10 conditionally provided by SH Shengzhaohui to SZ Zhaokun pursuant to Loan Agreement 10
“Tongfenglu Project”	Tongfenglu Project in Kunshan Area* (昆山同豐路項目), which directly 100% owned by Kunshan Yuecheng

“Zhuyinglu Project” Zhuyinglu Project in Shanghai Area* (上海竹盈路項目), which directly 100% owned by SH Shengzhaohui

* For identification purposes only

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

Hong Kong, 22 December 2023

As at the date of this announcement, the executive directors of the Company are Mr. Wan Yuqing 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.