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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: SALE OF QIANHAI UNITS

On 15 November 2018, the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreements with the Purchasers for sale of The Qianhai Units.

The Purchasers are indirect wholly-owned subsidiaries of KHL, which is the controlling shareholder of the Company. The Purchasers are associates of KHL and therefore connected persons of the Company. Accordingly, the Transactions constitute connected transactions for the Company under the Listing Rules.

As the applicable percentage ratio in respect of the Consideration exceed 0.1% but is less than 5%, the Transactions are only subject to the announcement and reporting requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

INTRODUCTION

On 15 November 2018, the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreements with the Purchasers for sale of The Qianhai Units.

THE AGREEMENTS

- 1. Vendor:** The Vendor

2. Assets for Sale, Consideration and Purchasers:

<u>Assets for Sale</u>	<u>Consideration</u>	<u>Purchasers</u>
(a) The Qianhai Unit 16B:	RMB9,621,149 (approximately HK\$10,852,656)	Jinsheng
(b) The Qianhai Unit 21A:	RMB9,782,595 (approximately HK\$11,034,767)	Yaoju
(c) The Qianhai Unit 23G:	RMB10,337,289 (approximately HK\$11,660,462)	Taijing
(d) The Qianhai Unit 24A:	RMB21,526,968 (approximately HK\$24,282,420)	Taijin
(e) The Qianhai Unit 25C:	RMB21,936,344 (approximately HK\$24,744,196)	Taiyao
TOTAL:	RMB73,204,345 (approximately HK\$82,574,501)	

3. Payment Terms:

- (i) A total of HK\$3,000,000 (the deposit) had been paid before signing of the Agreements.
- (ii) Full Consideration shall be paid within 40 days after signing of the Agreements.
- (iii) The deposit in (i) above will be refunded to the Purchasers after payment of (ii) above.

4. Date of Signing of the Formal Agreements:

Within 40 days after signing of the Agreements.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Qianhai Kerry Centre Commercial Apartment Phase II is a commercial project developed by the Group. The Transactions (i.e. the sale of The Qianhai Units by the Group to the Purchasers) are in the ordinary course of business of the Group.

The price of each unit of Qianhai Kerry Centre Commercial Apartment Phase II was based on the price lists determined by the Vendor after considering the prevailing market prices for similar properties. The price lists were filed with the administrative department of the PRC government. The Consideration for the sale of The Qianhai Units was determined in accordance with the filed price lists and conditions including payment terms, and was comparable to the prevailing market prices.

The proceeds of the sale of The Qianhai Units are expected to be used as payment of the construction cost of Qianhai Kerry Centre. The estimated book value upon completion of The Qianhai Units is approximately RMB27,050,000 (approximately HK\$30,512,400). It is expected that the Group will record a gain of approximately RMB44,000,000 (approximately HK\$49,632,000) after deduction of direct marketing costs, but before provision for taxation.

The Directors (including the independent non-executive Directors) take the view that the Transactions are entered into in the ordinary and usual course of business of the Group and believe that the terms of the Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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 they have abstained from voting on the relevant resolutions of the Board approving the Transactions.

INFORMATION OF THE GROUP, THE VENDOR AND THE PURCHASERS

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.

The Vendor is a company incorporated in the PRC and is a wholly-owned subsidiary of the Company. The principal activity of the Vendor is property development.

The Purchasers are companies incorporated in the PRC and are indirect wholly-owned subsidiaries of KHL. The principal activities of the Purchasers are provision of consultancy services.

IMPLICATIONS UNDER THE LISTING RULES

The Purchasers are indirect wholly-owned subsidiaries of KHL, which is the controlling shareholder of the Company. The Purchasers are associates of KHL and therefore connected persons of the Company. Accordingly, the Transactions constitute connected transactions for the Company under the Listing Rules.

As the applicable percentage ratio in respect of the Consideration exceed 0.1% but is less than 5%, the Transactions are only subject to the announcement and reporting requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

DEFINITIONS

“Agreements”	preliminary agreements for sale and purchase dated 15 November 2018 entered into between the Vendor and the Purchasers in respect of the Transactions;
“associate”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“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;
“connected person”	has the meaning ascribed to it in the Listing Rules;

“Consideration”	the total consideration for the Transactions, being RMB73,204,345 (approximately HK\$82,574,501);
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules;
“Director(s)”	director(s) of the Company;
“Formal Agreements”	formal agreements for sale and purchase to be entered into between the Vendor and the Purchasers in respect of the Transactions;
“Group”	the Company and its subsidiaries;
“Jinsheng”	晉盛（深圳）諮詢有限公司 Jinsheng (Shenzhen) Consultancy Ltd.*, a company incorporated in the PRC and indirectly wholly-owned by KHL;
“KHL”	Kerry Holdings Limited, a company incorporated in Hong Kong, which as at the date of this announcement is the controlling shareholder of the Company;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“percentage ratio”	has the meaning ascribed to it in Chapter 14 of the Listing Rules;
“PRC”	the People’s Republic of China;
“Purchasers”	collectively, Jinsheng, Taijin, Taijing, Taiyao and Yaoju;
“Qianhai Kerry Centre Commercial Apartment Phase II”	a commercial development situated at Block 1, Unit 7, Qianhai Shenzhen-Hongkong Modern Service Industry Cooperation Zone, Shenzhen, the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Taijin”	泰晉（深圳）諮詢有限公司 Taijin (Shenzhen) Consultancy Ltd.*, a company incorporated in the PRC and indirectly wholly-owned by KHL;
“Taijing”	泰景（深圳）諮詢有限公司 Taijing (Shenzhen) Consultancy Ltd.*, a company incorporated in the PRC and indirectly wholly-owned by KHL;
“Taiyao”	泰耀（深圳）諮詢有限公司 Taiyao (Shenzhen) Consultancy Ltd.*, a company incorporated in the PRC and indirectly wholly-owned by KHL;

“The Qianhai Unit 16B”	Unit 16B of Qianhai Kerry Centre Commercial Apartment Phase II with construction area of approximately 97.48 square metres;
“The Qianhai Unit 21A”	Unit 21A of Qianhai Kerry Centre Commercial Apartment Phase II with construction area of approximately 96.31 square metres;
“The Qianhai Unit 23G”	Unit 23G of Qianhai Kerry Centre Commercial Apartment Phase II with construction area of approximately 102.60 square metres;
“The Qianhai Unit 24A”	Unit 24A of Qianhai Kerry Centre Commercial Apartment Phase II with construction area of approximately 191.16 square metres;
“The Qianhai Unit 25C”	Unit 25C of Qianhai Kerry Centre Commercial Apartment Phase II with construction area of approximately 198.10 square metres;
“The Qianhai Units”	collectively, the The Qianhai Unit 16B, The Qianhai Unit 21A, The Qianhai Unit 23G, The Qianhai Unit 24A, The Qianhai Unit 25C;
“Transactions”	the sale of The Qianhai Units by the Vendor to the Purchasers;
“Vendor”	寰安置業（深圳）有限公司 Million Palace Development (Shenzhen) Co., Ltd.*, a company incorporated in the PRC and wholly-owned by the Company; and
“Yaoju”	耀居（深圳）諮詢有限公司 Yaoju (Shenzhen) Consultancy Ltd.*, a company incorporated in the PRC and indirectly wholly-owned by KHL.

Amounts denominated in RMB in this announcement have been converted into HK\$ at the rate of RMB1=HK\$1.128 for illustration purposes.

By Order of the Board
Kerry Properties Limited
Li Siu Ching, Liz
Company Secretary

Hong Kong, 15 November 2018

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

Executive Directors: Messrs. Wong Siu Kong, Ho Shut Kan and Bryan Pallop Gaw
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

** For identification purpose only*