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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)

**DISCLOSEABLE TRANSACTIONS:
FORMATION OF JOINT VENTURE FOR ACQUISITION,
HOLDING AND DEVELOPMENT OF LAND IN SHANGHAI**

On 23 February 2021, the Consortium formed by Brilliant (a wholly-owned subsidiary of the Company) and RECO (a wholly-owned subsidiary of GIC (Realty) Pte. Ltd.) received the Confirmation Notice from Shanghai Bureau that the Tender Bid is successful, and the land use right of the Project Land is granted to the Consortium. Accordingly, the Parties will enter into the Shareholders' Agreement to form the Project Company (to be owned by Brilliant and RECO in the proportion of 40% and 60% respectively) for holding and development of the Project Land.

The Project Company will enter into the Land Grant Contract with Shanghai Bureau. The Tender Deposit of HK\$1,435,500,000 has been paid upon the submission of Tender Bid to meet the deposit requirement and the balance of the Consideration will be payable in accordance with the Land Grant Contract. The Parties will provide a total amount of shareholders' funds for the Consideration and relating taxes of not more than the Commitment Amount to the Project Company in accordance with their respective shareholding proportion in the Project Company. Based on the Commitment Amount, the maximum funding commitment to the Project Company to be contributed by the Group is expected to be RMB2,671,600,000 (approximately HK\$3,205,920,000).

As the applicable percentage ratios in respect of the maximum funding commitment to be contributed by the Group to the Project Company exceed 5% but less than 25%, the Transactions constitute discloseable transaction for the Company and is subject to the reporting and announcement requirements under the Listing Rules.

* For identification purpose only

INTRODUCTION

On 2 February 2021, Brilliant and RECO entered into the Framework Agreement, pursuant to which the Parties agreed to form the Consortium and upon successful of the Tender Bid, to set up the Project Company to acquire, hold and develop the Project Land.

On 23 February 2021, the Consortium received the Confirmation Notice from Shanghai Bureau that the Tender Bid is successful, and the land use right of the Project Land is granted to the Consortium. Accordingly, Brilliant and RECO will enter into the Shareholders' Agreement to form the Project Company, of which the equity interest will be owned by Brilliant and RECO as to 40% and 60% respectively.

The Project Company will enter into the Land Grant Contract with Shanghai Bureau. The Tender Deposit of HK\$1,435,500,000 has been paid upon the submission of Tender Bid to meet the deposit requirement and the balance of the Consideration will be payable in accordance with the Land Grant Contract. The Parties will provide a total amount of shareholders' funds for the Consideration and relating taxes of not more than the Commitment Amount to the Project Company in accordance with their respective shareholding proportion in the Project Company. It is also envisaged that the Project Company will also consider procuring funds and/or financing from financial institutions and/or banks for the working capital requirements of the Project.

The Project Land is designated for residential, office and commercial uses, with the total site area of approximately 66,059.5 square meters. The terms for the grant of the land use right of the Project Land are 70 years for residential use, 50 years for office use and 40 years for commercial use. The residential component will be for sale while the commercial and office component will be retained as properties to be managed and operated by the Project Company.

PROPOSED MAJOR TERMS OF THE SHAREHOLDERS' AGREEMENT TO BE ENTERED INTO BY THE PARTIES

Parties:	Brilliant and RECO. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, RECO and its ultimate beneficial owners are third parties independent of the Company and its connected persons.
Shareholdings in the Project Company:	The shareholdings of Brilliant and RECO in the Project Company are in the proportion of 40% and 60%, respectively.
Scope of business of the Project Company:	The Project Company will acquire, hold and undertake the development of the residential, office and commercial component of the Project. The residential component will be for sale while the commercial and office component will be retained as properties to be managed and operated by the Project Company.

FINANCING OF THE PROJECT AND FUNDING COMMITMENT OF THE PARTIES

The Parties will provide a total amount of shareholders' funds for the Consideration and relating taxes of not more than the Commitment Amount to the Project Company in accordance with their respective shareholding proportion in the Project Company. The total amount of shareholders' funds to be contributed by the Parties was determined after arm's length negotiations between the Parties with reference to the Consideration and estimated taxes payable for the land use right of the Project Land. It is also envisaged that the Project Company will also consider procuring funds and/or financing from financial institutions and/or banks for the working capital requirements of the Project.

Based on the Commitment Amount, the maximum funding commitment to the Project Company to be contributed by the Group is expected to be RMB2,671,600,000 (approximately HK\$3,205,920,000), which is expected to be sourced by the Group from its internal funding resources. The funding requirement for making the maximum funding commitment is not expected to have any material impact on the Group.

The Directors (including the independent non-executive Directors) take the view that the funding commitment under the Framework Agreement is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS

The Project Land is located at Jin Qiao Sub-district, Pudong New District, Shanghai, PRC. It is a Transport-Oriented Development on Shanghai Metro Jufeng Road Station, which is the interchange station of Metro Line 6 and Line 12. As a regional public transportation hub, it also accommodates a terminus of 8 bus lines. Subject to planning approval and construction approval, the Project with total planned gross floor area of approximately 390,000 square meters, with approximately 45,000 square meters for residential, approximately 219,000 square meters for retail, approximately 25,000 square meters for office, approximately 2,000 square meters for utility and ancillary support and approximately 98,000 square meters for carparks, is nestled in an area with over 700,000 population. This key infrastructure project with its regional hub locations, enables the Company to enlarge, enhance and to service a wider customer segment in Shanghai where the Company already has various landmark projects.

The entering into of the Transactions for the joint land acquisition, development, management and operation of properties of the Project Land are in line with the business strategy of the Group to build up prime and high quality developments and an investment property portfolio in the Group's core focus cities and to support a steady growth in the Group's recurrent income streams. In addition, the co-operation and joint venture between the Company and GIC (Realty) Pte. Ltd. will provide synergies to the Parties and to the Project, allowing the Parties to share their strategic expertise in the Project. The Board believes that it could enhance the value for the Shareholders and support the sustainable growth of the Group.

The proposed major terms of the Shareholders' Agreement were determined after arm's length negotiation between the Parties. The Directors (including the independent non-executive Directors) take the view that the Transactions are on normal commercial terms, in the ordinary and usual course of business of the Group, and the proposed major terms of the Shareholders' Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

INFORMATION OF BRILLIANT AND THE GROUP

Brilliant is a wholly-owned subsidiary of the Company and incorporated in Hong Kong with limited liability. It is principally involved in 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.

INFORMATION OF RECO

RECO is a company incorporated in Singapore with limited liability and is an investment holding company. RECO is an indirect wholly-owned subsidiary of GIC (Realty) Pte. Ltd., which is the holding company for GIC group's real estate investments. GIC is a global long-term investor with well over US\$100 billion in assets in over 40 countries worldwide. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, RECO and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios in respect of the maximum funding commitment to be contributed by the Group to the Project Company exceed 5% but less than 25%, the Transactions constitute discloseable transaction for the Company and is subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

“Board”	the board of Directors;
“Brilliant”	Brilliant Return Limited (卓賞有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
“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;
“Commitment Amount”	the total amount of shareholders' funds to be provided by the Parties to the Project Company in accordance with their respective shareholding proportion in the Project Company, being RMB6,679,000,000 (approximately HK\$8,014,800,000);
“Confirmation Notice”	the confirmation notice of successful tender (成交確認書) in relation to the Tender Bid dated 23 February 2021 issued by Shanghai Bureau to the Consortium confirming that the Tender Bid submitted by the Consortium is successful;

“Consideration”	the total consideration for acquisition of the land use right of the Project Land (excluding relating tax), being RMB6,013,820,000 (approximately HK\$7,216,584,000);
“Consortium”	RECO and Brilliant acting in collaboration on an integrated basis for the purposes of the Tender Bid;
“Directors”	directors of the Company;
“Framework Agreement”	the Framework Agreement dated 2 February 2021 and entered into between Brilliant and RECO in respect of the acquisition of the Project Land and formation of the Project Company to hold the Project;
“Group”	the Company and its subsidiaries;
“Land Grant Contract”	means Shanghai Municipal State-owned Construction Land Use Right Grant Contract (上海市國有建設用地使用權出讓合同) in respect of the Project Land;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Party(ies)”	Brilliant and RECO;
“percentage ratios”	has the meaning ascribed to it in the Listing Rules;
“PRC”	the People’s Republic of China;
“Project”	the development, management and operation of properties of the Project Land;
“Project Company”	a joint venture company to be incorporated in Shanghai, PRC owned by Brilliant and RECO as to 40% and 60% respectively;
“Project Land”	Plot 02-01A, Unit Y000901, Puxing Community, Pudong New District, Shanghai, PRC, east to Caojiagou projected green space, south to Jufeng Road projected green space, west to Zhangyang North Road and plot 02-01B and north to Shuangqiao Road (浦東新區浦興社區 Y000901單元02-01A地塊，東至曹家溝防護綠地，南至巨峰路防護綠地，西至張楊北路和02-01B地塊，北至雙橋路);
“RECO”	RECO IROKO PRIVATE LIMITED, a company incorporated in Singapore with limited liability, and an independent third party of the Group;
“RMB”	Renminbi, the lawful currency of the PRC;

“Shanghai Bureau”	Shanghai Pudong New District Planning and Natural Resources Bureau (上海市浦東新區規劃和自然資源局);
“Shanghai Land Authorities”	Shanghai Bureau, Shanghai Urban Planning and Natural Resources Bureau (上海市規劃和自然資源局) and other competent authorities involved in the Tender Bid;
“Shareholders”	shareholders of the Company;
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into between Brilliant and RECO in respect of formation of the Project Company to hold the Project, subject to the terms as disclosed in paragraph headed “Proposed Major Terms of the Shareholders’ Agreement to be entered into by the Parties” above and the final form to be agreed between the Parties;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tender Bid”	the bid(s) and/or tender documents approved by the Parties for submission by the Consortium in response to the Tender Bid for the purpose of acquiring the State-owned land use right of the Project Land from Shanghai Land Authorities;
“Tender Deposit”	the deposit for the Tender Bid in the amount of HK\$1,435,500,000; and
“Transactions”	the formation of the Project Company for acquisition, holding and development of Project Land in Shanghai and the entering into of the Shareholders’ Agreement by the Parties and the transactions contemplated thereunder.

Amounts denominated in RMB in this announcement have been converted into HK\$ at the rate of RMB1=HK\$1.20 for illustration purposes.

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

Hong Kong, 23 February 2021

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

Executive Directors: *Messrs. Wong Siu Kong, Kuok Khoon Hua, Bryan Pallop Gaw and Wong Chi Kong, Louis*
Independent Non-executive Directors: *Ms. Wong Yu Pok, Marina, JP, Mr. Chang Tso Tung, Stephen and Mr. Hui Chun Yue, David*