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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 TRANSACTIONS:
SALE OF TWO LAKE GRANDEUR UNITS**

On 25 May 2021, Kerry Real Estate (Hangzhou) Co. Ltd. (“**KREH**”), a joint venture held by the Company and Shangri-La Asia Limited in the proportion of 75% and 25% respectively, entered into the Agreements with (i) Hangzhou Yutai Management Consultancy Ltd.* (“**Yutai**”) and (ii) Hangzhou Yuxiang Management Consultancy Ltd.* (“**Yuxiang**”), both are indirect wholly-owned subsidiaries of Kerry Holdings Limited (“**KHL**”), for sale of two units in Lake Grandeur by KREH to Yutai and Yuxiang, respectively, at a total consideration of RMB71,508,400 (approximately HK\$85,810,080).

Lake Grandeur is a commercial apartment project developed by KREH, which is part of Hangzhou Kerry Centre completed in 2017 and stands adjacent to the renowned West Lake in Hangzhou, the PRC.

Since Yutai and Yuxiang are indirect wholly-owned subsidiaries of KHL and KHL is the controlling shareholder of the Company, Yutai and Yuxiang are associates of KHL. Accordingly, Yutai and Yuxiang are connected persons of the Company and the Transactions constitute connected transactions for the Company under the Listing Rules.

As the applicable percentage ratios of the Transactions exceed 0.1% but are less than 5%, the Transactions are subject to the announcement and reporting requirements but are exempt from the independent Shareholders’ approval requirement under the Listing Rules.

* *For identification purpose only*

INTRODUCTION

On 25 May 2021, KREH, a joint venture held by the Company and SA in the proportion of 75% and 25% respectively, entered into the Agreements with Yutai and Yuxiang, both are indirect wholly-owned subsidiaries of KHL, for sale of the Two Lake Grandeur Units by KREH to Yutai and Yuxiang, respectively, at a total consideration of RMB71,508,400 (approximately HK\$85,810,080).

THE AGREEMENTS

- Date:** 25 May 2021
- Vendor:** KREH
- Assets for Sale, Consideration and Purchasers:**

<u>Assets for Sale</u>	<u>Consideration</u>	<u>Purchasers</u>
(a) Lake Grandeur Unit 2-902	RMB18,502,200 (approximately HK\$22,202,640)	Yutai
(b) Lake Grandeur Unit 4-1002	RMB53,006,200 (approximately HK\$63,607,440)	Yuxiang
Total	RMB71,508,400 (approximately HK\$85,810,080)	

- Payment Term:**

The total consideration shall be paid in cash within 60 days after signing of the Agreements.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Lake Grandeur is a commercial apartment project developed by KREH, which is part of Hangzhou Kerry Centre completed in 2017 and stands adjacent to the renowned West Lake in Hangzhou, the PRC. The Transactions, involving the sale of the Two Lake Grandeur Units by KREH to Yutai and Yuxiang, are in the ordinary and usual course of business of the Group.

The consideration for the sale of the Two Lake Grandeur Units was determined in accordance with the prevailing market prices for similar properties and the terms and conditions, including the payment term, were comparable to the prevailing market practices.

The proceeds of the sale of the Two Lake Grandeur Units are expected to be used as working capital. It is expected that the Group will record a gain of approximately RMB15,150,000 (approximately HK\$18,180,000) from the Transactions after deduction of stocks costs, direct marketing costs and taxes.

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

Both Mr. Kuok Khoon Hua, the Vice Chairman and Chief Executive Officer of the Company, and Mr. Bryan Pallop Gaw, the 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. They have abstained from voting on the relevant resolutions of the Board approving the Transactions.

INFORMATION OF THE PARTIES

The principal activities of KREH are property development, sales and leasing and hotel ownership and operation in the Mainland.

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.

The principal activities of SA Group are the development, ownership and operations of hotel properties, the provision of hotel management and related services, the development, ownership and operations of investment properties and property development for sale. SA Group operates its business under various brand names including "Shangri-La", "Kerry Hotel", "JEN by Shangri-La", "Traders Hotel", "Rasa", "Summer Palace", "Shang Palace" and "CHI, The Spa at Shangri-La".

The principal activities of Yutai and Yuxiang are provision of consultancy services.

KHL is incorporated in Hong Kong and is a wholly-owned subsidiary of Kerry Group Limited. KHL is an investment holding company and is a substantial shareholder of the Company, SA and Kerry Logistics Network Limited (all of which are listed in Hong Kong).

IMPLICATIONS UNDER THE LISTING RULES

Since Yutai and Yuxiang are indirect wholly-owned subsidiaries of KHL and KHL is the controlling shareholder of the Company, Yutai and Yuxiang are associates of KHL. Accordingly, Yutai and Yuxiang are connected persons of the Company and the Transactions constitute connected transactions for the Company under the Listing Rules.

As the applicable percentage ratios of the Transactions exceed 0.1% but are less than 5%, the Transactions are subject to the announcement and reporting requirements but are exempt from the independent Shareholders' approval requirement under the Listing Rules.

DEFINITIONS

“Agreements”	agreements for sale and purchase dated 25 May 2021 entered into between (i) KREH and Yutai; and (ii) KREH and Yuxiang, respectively, in respect of the Transactions;
“associates”	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 persons”	has the meaning ascribed to it in the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules;
“Director(s)”	director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“KHL”	Kerry Holdings Limited, a company incorporated in Hong Kong with limited liability, which at the date of this announcement, is the controlling shareholder of the Company;
“KREH”	嘉里置業（杭州）有限公司 Kerry Real Estate (Hangzhou) Co. Ltd., a company incorporated in the PRC and indirectly owned by the Company and SA as to 75% and 25%, respectively;
“Lake Grandeur”	a commercial apartment project developed by KREH, of which the Group holds 75% interest, and situated at 385 Yanan Road, Gongshu District, Hangzhou, Zhejiang, the PRC;
“Lake Grandeur Unit 2-902”	Unit 2-902 of Lake Grandeur, with construction area of approximately 162.30 square metres;
“Lake Grandeur Unit 4-1002”	Unit 4-1002 of Lake Grandeur, with construction area of approximately 384.80 square metres;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“percentage ratios”	has the meaning ascribed to it in the Listing Rules;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;

“SA”	Shangri-La Asia Limited, incorporated in Bermuda as an exempted company with limited liability, the shares of which are primarily listed on the Main Board of the Stock Exchange with secondary listing on the Singapore Exchange Securities Trading Limited;
“SA Group”	SA and its subsidiaries;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transactions”	the sale of the Two Lake Grandeur Units by KREH to Yutai and Yuxiang, respectively, pursuant to the Agreements;
“Two Lake Grandeur Units”	collectively, Lake Grandeur Unit 2-902 and Lake Grandeur Unit 4-1002;
“Yutai”	杭州譽泰管理諮詢有限公司 (Hangzhou Yutai Management Consultancy Ltd.*), a company incorporated in the PRC and indirectly wholly-owned by KHL;
“Yuxiang”	杭州譽祥管理諮詢有限公司 (Hangzhou Yuxiang Management Consultancy Ltd.*), a company incorporated in the PRC and indirectly wholly-owned by KHL; and
“%”	per cent.

Amounts denominated in RMB in this announcement have been converted into HK\$ at the rate of RMB1=HK\$1.2 for illustration purposes.

By Order of the Board
Kerry Properties Limited
Soon Yuk Tai
Company Secretary

Hong Kong, 25 May 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*

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