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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)

**MAJOR TRANSACTION
SUCCESSFUL TENDER OF LAND IN HUANGPU DISTRICT,
SHANGHAI, THE PRC**

The Board is pleased to announce that on 4 January 2022, Brilliant Prestige Limited, a wholly-owned subsidiary of Kerry Properties Limited, successfully won the tender for the acquisition of the land use rights of the lots offered for sale by Shanghai Huangpu District Planning and Natural Resources Bureau for Plots 064-01, 065-01, 066-01, 067-01, Unit C010102, Guangchang Community, Huangpu District, Shanghai, the PRC, located east to Shengze Road, south to Renmin Road, west to Zhejiang Nan Road, north to Ninghai Dong Road at a consideration of RMB13,329,070,000 (approximately HK\$16,261,465,400) for mixed-use development.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Transaction exceed 25% but are all less than 100%, the Transaction constitutes a major transaction for the Company.

Given that the Transaction is a Qualified Property Acquisition as defined under Rule 14.04(10C) of the Listing Rules, the Transaction is subject to announcement and circular requirements but is exempt from (i) Shareholders' approval requirement pursuant to Rule 14.33A of the Listing Rules and (ii) the requirement to include a valuation report on the Land in the circular pursuant to Rule 14.33B of the Listing Rules.

A circular containing, among other things, further details of the Transaction and financial information of the Group is expected to be despatched to the Shareholders for information in accordance with Rule 14.33B of the Listing Rules on or before 23 January 2022.

INTRODUCTION

The Board is pleased to announce that on 4 January 2022, BPL successfully won the tender for the acquisition of the land use rights of the Land offered for sale by Shanghai Huangpu District Planning and Natural Resources Bureau, at a Consideration of RMB13,329,070,000 (approximately HK\$16,261,465,400) for mixed-use development. The Letter of Intent has also been signed on 4 January 2022, and pursuant to the Letter of Intent, the Land Use Rights Grant Contracts will be entered into in due course.

** For identification purpose only*

PRINCIPAL TERMS OF THE TRANSACTION

The principal terms of the Transaction pursuant to the Letter of Intent are as follows:

Parties

- (1) Shanghai Huangpu District Planning and Natural Resources Bureau, as the vendor; and
- (2) BPL, as the purchaser.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Shanghai Huangpu District Planning and Natural Resources Bureau and its ultimate beneficial owner(s) are independent third parties of the Company and its connected persons.

Information of the Land

The Land consists of four plots of land for Plots 064-01, 065-01, 066-01, 067-01, Unit C010102, Guangchang Community, Huangpu District, Shanghai, the PRC (黃浦區廣場社區 C010102 單元 064-01、065-01、066-01、067-01 地塊), located east to Shengze Road, south to Renmin Road, west to Zhejiang Nan Road, north to Ninghai Dong Road (東至盛澤路、南至人民路、西至浙江南路、北至寧海東路), with a total site area of 38,102.7 sq.m. with term of use of 70 years for residential use, 50 years for office use and 40 years for commercial use.

Consideration and Payment Terms

The Consideration for the Land is RMB13,329,070,000 (approximately HK\$16,261,465,400) and will be payable as follows pursuant to the Letter of Intent:

- (a) RMB2,665,814,000 (approximately HK\$3,252,293,080) (representing 20% of the Consideration, being the deposits) to be payable within five working days of the signing of the Land Use Rights Grant Contracts;
- (b) RMB3,998,721,000 (approximately HK\$4,878,439,620) (representing 30% of the Consideration) to be payable within one month of the signing of the Land Use Rights Grant Contracts; and
- (c) RMB6,664,535,000 (approximately HK\$8,130,732,700) (representing the balance of the Consideration) to be payable within ninety days of the signing of the Land Use Rights Grant Contracts.

The Consideration, being the tender price submitted by BPL under the said tender, was determined by the Company with reference to the current and future business prospect and development potential in the region which the Land is situated and the overall prospect of the property market in Shanghai. The Consideration for the Land will be financed by the Group's internal resources and external financing.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Situated in the heart of Huangpu district, Shanghai, the Land is located in close proximity to landmarks such as The Bund, Yu Gardens, East Nanjing Road High Street and the People's Square. The Land is part of a transit-oriented mixed-use development. Subject to the government's planning approval and construction approval, the total GFA of the Land is approximately 198,500 sq.m. It consists of residential apartments and shikumen townhouses (approximately 124,500 sq.m.); retail, hotel and amenities (approximately 49,000 sq.m.), and low-rise office (approximately 25,000 sq.m.). The Land has access to newly opened Yuyuan Station, which is an interchange station of the existing Metro Line 10 and Metro Line 14, benefiting from excellent connectivity. For example, the Yuyuan Station is one station away from Lujiazui Central Business District. The Land also provides good vehicular accessibility via Yan'an Elevated Expressway, Renmin Road Tunnel, and Yan'an Road Tunnel.

A noteworthy feature of the Land is its central location within the Shanghai government's urban redevelopment and preservation plan for Huangpu district. Situated in a neighbourhood with over 160 years of history, the Land has a network of shikumens (石庫門 or lane houses), "li-long" alleyways (里弄) and rows of historical arcade buildings. This unique blend of Chinese and French architectural styles is representative of Shanghai's historical East-meets-West culture. As part of the Shanghai government's regeneration plan, certain designated historical sites and heritage architecture will be restored and rebuilt, while the Land will be redeveloped to create an iconic mixed-use development.

Subject to the tender process, the Project (the Land and the potential Adjacent Plots) can offer total planned GFA of approximately 492,000 sq. m. for mixed-used development of residential apartments and shikumen townhouses, high-rise and low-rise offices, retail and hotel. The Group envisions the Project to be a rare placemaking opportunity in the heart of Shanghai to connect the Bund to Huaihai Road, and Xintiandi to the Old City. Please also refer to the section headed "Update on Adjacent Plots" below.

The Group is optimistic of the long-term prospects of this project, and considers this to be a strategic addition that will strengthen the Group's high-end development property pipeline, and its premium investment property portfolio. The Group anticipates the Land will contribute good property sales income as the development properties launch by phases, and will add recurrent rental income, with capital value-creation in line with the growth of Mainland.

The Directors (including the independent non-executive Directors) believe that the Transaction is conducted in the ordinary course of business of the Group, and that the terms of the Transaction are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board confirms that none of the Directors had any material interests in the Transaction and accordingly none of the Directors was required to abstain from voting on the resolutions in relation to the Transaction.

UPDATE ON ADJACENT PLOTS

Reference is made to the Company's announcement dated 12 November 2021 made pursuant to Rule 13.09(2) of the Listing Rules and Part XIVA of the SFO.

BPL was also confirmed as the selected tenderer for the Project for certain other adjacent plots (the "Adjacent Plots"), i.e. Plots 198-1, 200-3, Unit C010201, Bund Community, Plots 070-01, 071-01, 072-01, 073-01, Unit C010102, Guangchang Community, and the underground spaces of Jiangxi Nan Road, Shandong Nan Road, Shengze Road and Plot 070-02, situated at Huangpu District, Shanghai, the PRC (黃浦區外灘社區C010201單元198-1、200-3地塊、廣場社區C010102單元070-01、071-01、072-01、073-01地塊及江西南路、山東南路、盛澤路、070-02地下空間地塊), located east to Land Parcel 200 Planning green area, Henan Nan Road, south to Renmin Road, west to Zijin Road, Shengze Road, north to Jinling Dong Road, Ning Hai Dong Road (東至200街坊規劃綠地、河南南路、南至人民路、西至紫金路、盛澤路、北至金陵東路、寧海東路).

The tender process for the Project consists of (stage one) tenderer(s) selection and (stage two) two separate tenders processes. The result for the tender of the other Adjacent Plots is subject to the subsequent arrangement for the grant of land use rights and announcement to be made by Shanghai Municipal Huangpu District Planning and Natural Resources Bureau. As at the date of this announcement, neither the result of the tender of the Adjacent Plots nor the signing of any legally binding contract is available.

If the acquisition of the Adjacent Lots were to proceed, it may (or may not) also constitute a major transaction for the Company but it will be a Qualified Property Acquisition under Rule 14.04(10C) of the Listing Rules. The Company will comply with the applicable requirements of the Listing Rules as and when required.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Transaction exceed 25% but are all less than 100%, the Transaction constitutes a major transaction for the Company.

Given that the Transaction is a Qualified Property Acquisition as defined under Rule 14.04(10C) of the Listing Rules, the Transaction is subject to announcement and circular requirements but is exempt from (i) Shareholders' approval requirement pursuant to Rule 14.33A of the Listing Rules and (ii) the requirement to include a valuation report on the Land in the circular pursuant to Rule 14.33B of the Listing Rules.

A circular containing, among other things, further details of the Transaction and financial information of the Group is expected to be despatched to the Shareholders for information in accordance with Rule 14.33B of the Listing Rules on or before 23 January 2022.

GENERAL

BPL is a wholly-owned subsidiary of the Company and incorporated in Hong Kong with limited liability. Its principal activity is 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.

DEFINITIONS

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

“associates”, “connected persons”, “percentage ratio(s)”, “subsidiary(ies)”, “PRC Governmental Body”, “Qualified Property Acquisition”	each has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“BPL”	Brilliant Prestige Limited, a wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability;
“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 (stock code: 683);
“Consideration”	the total consideration for the acquisition of the Land, being RMB13,329,070,000 (approximately HK\$16,261,465,400);
“Director(s)”	the director(s) of the Company;
“GFA”	gross floor area;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Land”	the plots of land situated at Huangpu District, Shanghai, the PRC, details of which are set out in the section headed “Information of the Land” in this announcement;
“Land Use Rights Grant Contracts”	state-owned construction land use rights grant contracts (國有建設用地使用權出讓合同) to be entered into pursuant to the Letter of Intent;

“Letter of Intent”	a letter of intent entered into between Shanghai Huangpu District Planning and Natural Resources Bureau and BPL on 4 January 2022 after BPL successfully won the Land at the tender;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“PRC” or “Mainland”	the People’s Republic of China;
“Project”	Development project of the Land and the Adjacent Plots;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
“Shanghai Huangpu District Planning and Natural Resources Bureau”	Shanghai Municipal Huangpu District Planning and Natural Resources Bureau* (上海市黃浦區規劃和自然資源局), a PRC Governmental Body responsible for, among other things, managing the primary land market, the tendering, auction and listing-for-sale of rights to use state-owned land in Huangpu District, Shanghai, the PRC;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the acquisition of the land use rights of the Land;
“sq.m.”	square metre, unit of area; and
“%”	per cent.

Amounts denominated in RMB in this announcement have been converted into HK\$ at the rate of RMB1=HK\$1.22 for illustration purposes.

By order of the Board
Kerry Properties Limited
Wong Siu Kong
Chairman

Hong Kong, 4 January 2022

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 Ms. Serene Siew Noi Nah*

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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