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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 TRANSACTION: ACQUISITION OF LAND IN HANGZHOU

On 17 May 2019, Bright Beyond, a wholly-owned subsidiary of the Company, successfully won the Land Bid to acquire the land use rights of the Land through public bidding at the Consideration of approximately RMB6,814 million (approximately HK\$7,768 million), which will be settled in cash. Accordingly, the Confirmation Notice was issued to Bright Beyond by Hangzhou Bureau. Bright Beyond will enter into the Land Contract with Hangzhou Bureau before 31 May 2019. The Bidding Deposit of HK\$1,260 million has been paid prior to the Land Bid and the balance of the Consideration shall be payable in accordance with the Land Contract.

As the Consideration for the acquisition of the Land exceeds 5% but is lower than 25% of the applicable percentage ratios under Chapter 14 of the Listing Rules, the Transaction constitutes discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 17 May 2019, Bright Beyond, a wholly-owned subsidiary of the Company, successfully won the Land Bid to acquire the land use rights of the Land through public bidding at the Consideration of approximately RMB6,814 million (approximately HK\$7,768 million), which will be settled in cash. Accordingly, the Confirmation Notice was issued to Bright Beyond by Hangzhou Bureau. Bright Beyond will enter into the Land Contract with Hangzhou Bureau before 31 May 2019. The Bidding Deposit of HK\$1,260 million has been paid prior to the Land Bid and the balance of the Consideration shall be payable in accordance with the Land Contract.

The Land is designated for residential and commercial uses. The terms for the grant of the land use rights of the Land are 70 years for residential use and 40 years for commercial use.

* *For identification purpose only*

PRINCIPAL TERMS OF THE TRANSACTION

The principal terms of the Transaction to be entered into by Hangzhou Bureau (as the seller) and Bright Beyond (as the purchaser), based on the Confirmation Notice and the Land Contract are as follows:-

Location: Wenhui Sub-district, Xiacheng District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市下城區文暉單元).

The boundary of the Land is bounded on the east by Shengnan Road, Wenhui Sub-district Plot XC0403-35, on the south by Wenhui Sub-district Plot XC0404-08, on the west by Dongxin Road, Guihua No. 9 Road and on the north by Hangyang Street (東至勝南路、文暉單元XC0403-35地塊，南至文暉單元XC0404-08地塊，西至東新路、規劃九號路，北至杭氧街).

Total site area: Approximately 98,053 square metres.

Consideration: The cash consideration for the acquisition of the Land is approximately RMB6,814 million (approximately HK\$7,768 million).

The first payment of approximately RMB1,363 million (approximately HK\$1,554 million), representing 20% of the Consideration, shall be payable on or before 31 May 2019, of which the Bidding Deposit of HK\$1,260 million was paid for the settlement of part of the first payment.

The second payment of approximately RMB2,044 million (approximately HK\$2,330 million) shall be payable on or before 30 June 2019.

The balance of the Consideration, being approximately RMB3,407 million (approximately HK\$3,884 million), shall be payable on or before 29 January 2020.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION

The Directors believe that the Transaction provides the Group with a good investment opportunity in the prime location at Hangzhou and it also provides an opportunity for the Group to increase the land bank for development. The Directors believe that the acquisition and development of the Land are expected to enhance the value of the Shareholders by providing additional revenue for the Group.

The Consideration has been arrived at following the successful bid by Bright Beyond at the Land Bid after taking into account the location and potential value of the Land. It is currently expected that the funding required by the Group will be sourced from its internal reserves. The funding requirement is not expected to have any material impact on the Group.

The Directors believe that the terms of the Transaction are fair and reasonable, and the Transaction is on normal commercial terms, in the ordinary and usual course of business of the Group and is 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.

IMPLICATIONS UNDER THE LISTING RULES

As the Consideration for the acquisition of the Land exceeds 5% but is lower than 25% of the applicable percentage ratios under Chapter 14 of the Listing Rules, the Transaction constitutes discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

Bright Beyond is an indirect 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 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.

Hangzhou Bureau, the seller of the Land, is the PRC Governmental Body. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Hangzhou Bureau is third party independent of the Group and its connected persons (as defined in the Listing Rules).

DEFINITIONS

“Bidding Deposit”	an amount of HK\$1,260 million having been paid by Bright Beyond in order to participate in the Land Bid;
“Board”	the board of Directors;
“Bright Beyond”	Bright Beyond Limited, a company incorporated in Hong Kong with limited liability and an indirect 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;
“Confirmation Notice”	the confirmation notice in relation to the Land Bid dated 17 May 2019 issued by Hangzhou Bureau to Bright Beyond;
“Consideration”	the total consideration for the acquisition of the Land, being approximately RMB6,814 million (approximately HK\$7,768 million);
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“Hangzhou Bureau”	Hangzhou Bureau of Planning and Natural Resources (杭州市規劃和自然資源局)
“Land”	the five pieces of land, namely, Wenhui Sub-district Plot XC0402-28, XC0403-07, 09, 33, XC0404-07 located at Xiacheng District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市下城區文暉單元) with a total site area of approximately 98,053 square metres. The boundary of the Land is bounded on the east by Shengnan Road, Wenhui Sub-district Plot XC0403-35, on the south by Wenhui Sub-district Plot XC0404-08, on the west by Dongxin Road, Guihua No. 9 Road and on the north by Hangyang Street (東至勝南路、文暉單元XC0403-35地塊，南至文暉單元XC0404-08地塊，西至東新路、規劃九號路，北至杭氧街);
“Land Bid”	the public bidding in respect of the Land held on 17 May 2019;
“Land Contract”	the contract for transfer of land use rights of the Land to be entered into between Hangzhou Bureau and Bright Beyond before 31 May 2019;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“PRC Governmental Body”	has the meaning ascribed to it in the Listing Rules;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and

“Transaction” the acquisition of land use rights of the Land through the public bidding.

Amounts denominated in RMB in this announcement have been converted into HK\$ at the rate of RMB1=HK\$1.14 for illustration purposes.

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

Hong Kong, 17 May 2019

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

Executive Directors: *Messrs. Wong Siu Kong, Bryan Pallop Gaw and Wong Chi Kong, Louis*

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*