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Poly Property Group Co., Limited

保利置業集團有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00119)

CONTINUING CONNECTED TRANSACTION PURSUANT TO RULE 14A.60(1) OF THE LISTING RULES

INTRODUCTION

This announcement is made by the Company pursuant to Rule 14A.60(1) of the Listing Rules.

Huizhou Poly Jianye is held as to 30% by an individual Mr. Li and 70% by Poly Real Estate. In considering the interests of both shareholders of Huizhou Poly Jianye and after the negotiation, both shareholders agreed that Huizhou Poly Jianye would provide surplus funds of the Project to both shareholders. As of 14 December 2020, Huizhou Poly Jianye provided funds of RMB1,472,385,946 to Poly Real Estate, of which Poly Real Estate arranged to provide funds in the amount of RMB350,000,000 to Mr. Li. In consideration of the interests of both shareholders, both shareholders agreed to the above arrangements before Huizhou Poly Jianye declares any dividends. At the same time, Mr. Li expressed his willingness to continue to seek land banks for both shareholders and could use the funds provided for the preliminary preparation of new projects.

Huizhou Poly Jianye was an insignificant subsidiary of the Company under Rule 14A.09(1) of the Listing Rules for the year ended 31 December 2020, and therefore, Mr. Li was not considered as a connected person of the Company under the Listing Rules.

Based on the annual results announcement of the Company for the year ended 31 December 2021, which was published by the Company on 24 March 2022, the applicable percentage ratios (as defined under Rule 14A.09(1) of the Listing Rules) in respect of Huizhou Poly Jianye exceeded 5% for the year ended 31 December 2021, and accordingly, Huizhou Poly Jianye has ceased to be an insignificant subsidiary of the Company under Rule 14A.09(1) of the Listing Rules and Mr. Li has become a connected person of the Company at the subsidiary level under the Listing Rules.

Principal Terms of the Agreement for the Use of Fund

Poly Real Estate and Mr. Li were parties to the Agreement for the Use of Fund on 14 December 2020. The provision of interest-free funds amounted to RMB350,000,000. RMB50,000,000 is repayable within 10 days at the earlier of (1) after 9 months after the date of the Agreement for the Use of Fund; and (2) after 3 months after the public listing of the land of a proposed property development project pursuant to the Joint Venture Agreement. The remaining RMB300,000,000 is repayable on the date which Huizhou Poly Jianye declares dividends. Mr. Li is willing to use his 30% equity interest in Huizhou Poly Jianye as a pledged share and provides personal guarantee.

The Agreement for the Use of Fund was arrived at after arm's length negotiations among the parties and were determined considering factors including the expected benefit to both shareholders of Huizhou Poly Jianye for the use of fund arrangement and the existing financial resources of the Group.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE FUNDS

Huizhou Poly Jianye is held as to 30% by Mr. Li and 70% by Poly Real Estate. The principal business of Huizhou Poly Jianye is property development, and Huizhou Poly Jianye holds the Project, a property development project located at West side of Danshui Inner Ring Road, Huiyang District, Huizhou City, the PRC. In considering the interests of both shareholders of Huizhou Poly Jianye and after the negotiation, both shareholders agreed that Huizhou Poly Jianye would provide surplus funds of the Project to both shareholders. Both shareholders are of the view that before Huizhou Poly Jianye declares any dividends and in consideration of the interests of both shareholders, they agreed to the above arrangements. At the same time, Mr. Li expressed his willingness to continue to seek land banks for both shareholders and could use the funds provided for the preliminary preparation of new projects. In addition, the provision of funds to Poly Real Estate by Huizhou Poly Jianye will facilitate the efficiency usage of the cash held the Group as a whole, which will enhance the Group's ability to acquire or invest in other land parcels or property projects.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement for the Use of Fund are on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

None of the Directors had a material interest in the Agreement for the Use of Fund and the transactions contemplated thereunder and hence no Director had abstained from voting on the relevant resolutions approving the transactions contemplated under the Agreement for the Use of Fund.

INFORMATION RELATING TO MR. LI

Mr. Li holds 30% equity interest in the capital of Huizhou Poly Jianye. To the knowledge of the Directors having made reasonable enquiries, as at the date of this announcement, Mr. Li was a connected person of the Company at the subsidiary level under the Listing Rules.

INFORMATION RELATING TO POLY REAL ESTATE, HUIZHOU POLY JIANYE AND THE COMPANY

Poly Real Estate is a limited liability company established in the PRC and is a wholly-owned subsidiary of the Company which principally engaged in property development.

Huizhou Poly Jianye is a limited liability company established in the PRC and is held as to 30% by Mr. Li and 70% by Poly Real Estate. Huizhou Poly Jianye is principally engaged in property development project and holds the 100% interest in the Project.

The Company is an investment holding company while the subsidiaries of the Company are principally engaged in property development, property investment and management, hotel operations and its related services, manufacturing and sales of digital discs and others.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mr. Li was a substantial shareholder of Huizhou Poly Jianye.

As the applicable percentage ratios (as defined under Rule 14A.09 of the Listing Rules) were less than 5% for the year ended 31 December 2020 and Huizhou Poly Jianye was an insignificant subsidiary of the Company under Rule 14A.09(1) of the Listing Rules, and therefore, Mr. Li was not a connected person of the Company under the Listing Rules.

Based on the annual results announcement of the Company for the year ended 31 December 2021, which was published by the Company on 24 March 2022, the applicable percentage ratios (as defined under Rule 14A.09(1) of the Listing Rules) in respect of Huizhou Poly Jianye exceeded 5% for the year ended 31 December 2021, and accordingly, Huizhou Poly Jianye has ceased to be an insignificant subsidiary of the Company under Rule 14A.09(1) of the Listing Rules and Mr. Li has become a connected person of the Company at the subsidiary level under the Listing Rules.

Pursuant to Rule 14A.60(1) of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements under Chapter 14A of the Listing Rules, including publication of an announcement and annual reporting in respect of the provision of the funds to Mr. Li.

DEFINITIONS

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

“Agreement for the Use of Fund”	the agreement dated 14 December 2020 entered into between Poly Real Estate as the provider and Mr. Li as the user in relation to the provision of funds
“Company”	Poly Property Group Co., Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Huizhou Poly Jianye”	Huizhou Poly Jianye Real Estate Development Co., Limited* (惠州市保利建業房地產開發有限公司), a limited liability company established in the PRC, which principally engaged in business of property development and is held as to 30% by Mr. Li and 70% by Poly Real Estate. Huizhou Poly Jianye is an indirect non-wholly owned subsidiary of the Company
“Joint Venture Agreement”	the joint venture agreement entered into between Poly Real Estate and Mr. Li on 14 December 2020 in relation to a proposed property development project
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	Mr. Li Yunsheng* (李運生先生), an individual who holds 30% equity interest in the capital of Huizhou Poly Jianye and is a connected person of the Company at the subsidiary level under the Listing Rules as at the date of this announcement
“Poly Real Estate”	Poly Real Estate Group Co., Ltd.* (深圳市保利房地產開發有限公司), a limited liability company established in the PRC and is an indirect wholly-owned subsidiary of the Company and holds 70% equity interest in the capital of Huizhou Poly Jianye
“PRC”	The People’s Republic of China

“Project”	the property development project located at West side of Danshui Inner Ring Road, Huiyang District, Huizhou City, the PRC, which is 100% held by Huizhou Poly Jianye
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
Poly Property Group Co., Limited
Wan Yuqing
Chairman

Hong Kong, 1 April 2022

As at the date of this announcement, the executive directors of the Company are Mr. Wan Yuqing, Mr. Wang Jian and Mr. Ye Liwen, the non-executive director of the Company is Mr. Guo qianquan, and the independent non-executive directors of the Company are Mr. Ip Chun Chung, Robert, Mr. Fung Chi Kin, Miss Leung Sau Fan, Sylvia and Mr. Wong Ka Lun.

** For identification purpose only*