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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE PROVISION OF LOANS TO A MINORITY SHAREHOLDER

PROVISION OF LOANS TO A MINORITY SHAREHOLDER

On 15 August 2022, i) SZ Baozhuo, a 51% indirectly non-wholly owned subsidiary of the Company, as lender, entered into Loan Agreement 1 with SZ China Merchants, as borrower, pursuant to which SZ Baozhuo agreed to grant Loan 1 of approximately RMB276 million to SZ China Merchants; ii) SZ Baozhuo, as lender, entered into Loan Agreement 2 with Huizhou Baozhi, as borrower, pursuant to which SZ Baozhuo agreed to grant Loan 2 of approximately RMB287 million to Huizhou Baozhi; iii) SZ Baojie, a 51% indirectly non-wholly owned subsidiary of the Company, as lender, entered into Loan Agreement 3 with SZ China Merchants, as borrower, pursuant to which SZ Baojie agreed to grant Loan 3 of approximately RMB106 million to SZ China Merchants; and iv) SZ Baojie, as lender, entered into Loan Agreement 4 with the Huizhou Baozhi, as borrower, pursuant to which SZ Baojie agreed to grant the Loan 4 of approximately RMB111 million to Huizhou Baozhi.

Loan 1 and Loan 2 from SZ Baozhuo to SZ China Merchants and Huizhou Baozhi, respectively, are proportionate to SZ China Merchants' and Huizhou Baozhi's equity interests in SZ Baozhuo. Loan 3 and Loan 4 from SZ Baojie to SZ China Merchants and Huizhou Baozhi, respectively, are proportionate to SZ China Merchants' and Huizhou Baozhi's equity interests in SZ Baojie. All the Loans have the same terms and conditions, are unsecured, interest-free and have no fixed terms of repayment.

LISTING RULES IMPLICATIONS

Loans 2 and 4 do not constitute notifiable transactions under Chapter 14 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) under Loans 1 and 3 on an aggregated basis exceed 5% but all of which are below 25%, Loans 1 and 3 constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

PROVISION OF LOANS TO A MINORITY SHAREHOLDER

On 15 August 2022, i) SZ Baozhuo, a 51% indirectly non-wholly owned subsidiary of the Company, as lender, entered into Loan Agreement 1 with SZ China Merchants, as borrower, pursuant to which SZ Baozhuo agreed to grant Loan 1 of approximately RMB276 million to SZ China Merchants; ii) SZ Baozhuo, as lender, entered into Loan Agreement 2 with Huizhou Baozhi, as borrower, pursuant to which SZ Baozhuo agreed to grant Loan 2 of approximately RMB287 million to Huizhou Baozhi; iii) SZ Baojie, a 51% indirectly non-wholly owned subsidiary of the Company, as lender, entered into Loan Agreement 3 with SZ China Merchants, as borrower, pursuant to which SZ Baojie agreed to grant Loan 3 of approximately RMB106 million to SZ China Merchants; and iv) SZ Baojie, as lender, entered into Loan Agreement 4 with Huizhou Baozhi, as borrower, pursuant to which SZ Baojie agreed to grant Loan 4 of approximately RMB111 million to Huizhou Baozhi.

Loan 1 and Loan 2 from SZ Baozhuo to SZ China Merchants and Huizhou Baozhi, respectively, are proportionate to SZ China Merchants' and Huizhou Baozhi's equity interest in SZ Baozhuo. Loan 3 and Loan 4 from SZ Baojie to SZ China Merchants and Huizhou Baozhi, respectively, are proportionate to SZ China Merchants' and Huizhou Baozhi's equity interest in SZ Baojie. All the Loans have the same terms and conditions, are unsecured, interest-free and have no fixed terms of repayment.

PRINCIPAL TERMS OF THE LOAN AGREEMENTS

Loan 1

Date : 15 August 2022

Lender : Lender 1 (SZ Baozhuo)

Borrower : Borrower 1 (SZ China Merchants)

Principal
Amount : RMB276,008,000

Loan 1 is unsecured, interest-free and has no fixed term. SZ Baozhuo has the right to request repayment of Loan 1 at any time, and SZ China Merchants shall repay Loan 1 within 15 working days from the date of receipt of the written notice from SZ Baozhuo.

The amount of Loan 1 was determined after arm's length negotiation between SZ Baozhuo and SZ China Merchants.

Loan 1 will be funded by internal resources of SZ Baozhuo.

Loan 2

Date : 15 August 2022

Lender : Lender 1 (SZ Baozhuo)

Borrower : Borrower 2 (Huizhou Baozhi)

Principal
Amount : RMB287,274,000

Loan 2 is unsecured, interest-free and has no fixed term. SZ Baozhuo has the right to request repayment of Loan 2 at any time, and Huizhou Baozhi shall repay Loan 2 within 15 working days from the date of receipt of the written notice from SZ Baozhuo.

The amount of Loan 2 was determined after arm's length negotiation between SZ Baozhuo and Huizhou Baozhi.

Loan 2 will be funded by internal resources of SZ Baozhuo.

Loan 3

Date : 15 August 2022

Lender : Lender 2 (SZ Baojie)

Borrower : Borrower 1 (SZ China Merchants)

Principal
Amount : RMB106,330,000

Loan 3 is unsecured, interest-free and has no fixed term. SZ Baojie has the right to request repayment of Loan 3 at any time, and SZ China Merchants shall repay Loan 3 within 15 working days from the date of receipt of the written notice from SZ Baojie.

The amount of Loan 3 was determined after arm's length negotiation between SZ Baojie and SZ China Merchants.

Loan 3 will be funded by internal resources of SZ Baojie.

Loan 4

Date : 15 August 2022

Lender : Lender 2 (SZ Baojie)

Borrower : Borrower 2 (Huizhou Baozhi)

Principal
Amount : RMB110,670,000

Loan 4 is unsecured, interest-free and has no fixed term. SZ Baojie has the right to request repayment of Loan 4 at any time, and Huizhou Baozhi shall repay Loan 4 within 15 working days from the date of receipt of the written notice from SZ Baojie.

The amount of Loan 4 was determined after arm's length negotiation between SZ Baojie and Huizhou Baozhi.

Loan 4 will be funded by internal resources of SZ Baojie.

REASONS AND BENEFITS OF LOANS TO A MINORITY SHAREHOLDER

Huizhou Baozhi has 51% interest in each of the capital of SZ Baozhuo and SZ Baojie, respectively. SZ China Merchants has 49% interest in each of the capital of SZ Baozhuo and SZ Baojie, respectively. The principal business of SZ Baozhuo and SZ Baojie are property development in the PRC. After careful consideration, both SZ China Merchants and Huizhou Baozhi are of the view that it is in the best interest to both parties to utilize the surplus funds of SZ Baozhuo and SZ Baojie to enhance the development of other property projects, therefore, SZ China Merchants and Huizhou Baozhi entered into the Loan Agreements with SZ Baozhuo and SZ Baojie in the same terms and conditions regarding the provision of the Loans in proportion to their equity interests. SZ China Merchants and Huizhou Baozhi agreed that they will repay the Loans when SZ Baozhuo and SZ Baojie require funds to develop the Projects.

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

INFORMATION RELATING TO THE COMPANY AND THE GROUP

The Company

The Company is principally engaged in the investment holding 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.

Lender 1

SZ Baozhuo is a limited liability company established in the PRC, principally engaged in business property development and is an indirect 51% owned subsidiary of the Company. SZ Baozhuo together with SZ Baojie in aggregated basis are insignificant subsidiaries of the Company as defined in Rule 14A.09(1) of the Listing Rules.

Lender 2

SZ Baojie is a limited liability company established in the PRC, principally engaged in business property development and is an indirect 51% owned subsidiary of the Company.

Borrower 2

Huizhou Baozhi is a limited liability company established in the PRC, principally engaged in business property development and is an indirect wholly-owned subsidiary of the Company.

INFORMATION RELATING TO BORROWER 1

SZ China Merchants is a limited liability company established in the PRC, principally engaged in real estate development and operation, property management, housing rental, interior and exterior design services, business information consulting, and parking management services. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, China Merchants Shekou Industrial Zone Holdings Co., Ltd.* (招商局蛇口工業區控股股份有限公司) (a listed company on the Shenzhen Stock Exchange, with a stock code of SZ.001979) and Shenzhen TCL Real Estate Company Limited* (深圳TCL房地產有限公司) owned 70% and 30% of the equity interest in SZ China Merchants, respectively. TCL Technology Industry Company Limited* (TCL科技產業園有限公司) and Shenzhen Haiguzhou Real Estate Development Company Limited* (深圳市海谷州置業發展有限公司) owned 70% and 30% of the equity interest in Shenzhen TCL Real Estate Company Limited, respectively. Huizhou Lida Tiancheng Equity Investment Company Limited* (惠州礪達天成股權投資有限公司) and Zhong Weijian* (鍾偉堅) indirectly owned 99.99% and 0.01% of the equity interest in TCL Technology Industry Company Limited, and Li Dongsheng* (李東生) owned 51% of the equity interest in Huizhou Lida Tiancheng Equity Investment Company Limited. The equity interest in Huizhou Lida Tiancheng Equity Investment Company Limited held by each of its remaining shareholder is no more than 30%. Shenzhen Haiguchi Investment Company Limited* (深圳市海谷池投資有限公司) owned 71.66% of the equity interest in Shenzhen Haiguzhou Real Estate Development Company Limited. The equity interest in Shenzhen Haiguzhou Real Estate Development Company Limited held by each of its remaining shareholder is no more than 30%. Shenzhen Haiguchi Investment Company Limited is ultimately held as to 65% and 35% by Cui Xiaowen* (崔曉文) and Cui Yizheng* (崔宜征), respectively. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, SZ China Merchants and its ultimate beneficial owners are third parties independent of the Company and its connected persons under the Listing Rules.

LISTING RULES IMPLICATIONS

Loans 2 and 4 do not constitute notifiable transactions under Chapter 14 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) under Loans 1 and 3 on an aggregated basis exceed 5% but all of which are below 25%, Loans 1 and 3 constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“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
“Board”	board of Directors of the Company
“Borrower 1”	SZ China Merchants
“Borrower 2”	Huizhou Baozhi
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Huizhou Baozhi”	Huizhou Baozhi Real Estate Development Company Limited* (惠州市保置房地產開發有限公司), a limited liability company established in the PRC, principally engaged in business property development and is an indirect wholly-owned subsidiary of the Company
“Lender 1”	SZ Baozhuo
“Lender 2”	SZ Baojie
“Loan 1”	the loan amount of approximately RMB276 million provided by SZ Baozhuo to SZ China Merchants pursuant to Loan Agreement 1

“Loan 2”	the loan amount of approximately RMB287 million provided by SZ Baozhuo to Huizhou Baozhi pursuant to Loan Agreement 2
“Loan 3”	the loan amount of approximately RMB106 million provided by SZ Baojie to SZ China Merchants pursuant to Loan Agreement 3
“Loan 4”	the loan amount of approximately RMB111 million provided by SZ Baojie to Huizhou Baozhi pursuant to Loan Agreement 4
“Loans”	Loan 1, Loan 2, Loan 3 and Loan 4 under the Loan Agreements
“Loan Agreement 1”	the loan agreement dated 15 August 2022 entered into between Lender 1 and Borrower 1
“Loan Agreement 2”	the loan agreement dated 15 August 2022 entered into between Lender 1 and Borrower 2
“Loan Agreement 3”	the loan agreement dated 15 August 2022 entered into between Lender 2 and Borrower 1
“Loan Agreement 4”	the loan agreement dated 15 August 2022 entered into between Lender 2 and Borrower 2
“Loan Agreements”	Loan Agreement 1, Loan Agreement 2, Loan Agreement 3 and Loan Agreement 4
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Projects”	<ul style="list-style-type: none"> i) Longhua Longyu Project in Shenzhen Area* (深圳區域龍華龍譽項目), which directly 100% owned by SZ Baozhuo; and ii) Longgang Yongshan Project* (龍崗雍山郡項目), which directly 100% owned by SZ Baojie
“PRC”	People’s Republic of China

“SZ China Merchants”	Shenzhen Pingshan China Merchants Real Estate Company Limited* (深圳坪山招商房地產有限公司), a limited liability company established in the PRC, principally engaged in real estate development and operation, property management, housing rental, interior and exterior design services, business information consulting, and parking management services
“SZ Baozhuo”	Shenzhen Baozhuo Real Estate Development Company Limited* (深圳市保卓房地產開發有限公司), a limited liability company established in the PRC, principally engaged in business property development and is an indirect 51% owned subsidiary of the Company
“SZ Baojie”	Shenzhen Baojie Real Estate Development Company Limited* (深圳市保捷房地產開發有限公司), a limited liability company established in the PRC, principally engaged in business property development and is an indirect 51% owned subsidiary of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

** For identification purpose only*

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

Hong Kong, 15 August 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 Jianquan, 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.