

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



# 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 PROVISION OF LOANS TO A MINORITY SHAREHOLDER**

### **PROVISION OF LOANS TO A MINORITY SHAREHOLDER**

Reference is made to an announcement dated 15 August 2022 issued by Poly Property Group Co., Limited (the “**Company**”) in relation to a discloseable transaction regarding provision of loans to a minority shareholder (the “**Announcement**”).

On 27 February 2023, i) SZ Baozhuo, a 51% indirectly non-wholly owned subsidiary of the Company (as lender), Huizhou Baozhi (as borrower) and SZ China Merchants (as borrower) entered into a loan agreement (the “**Loan Agreement 5**”), pursuant to which SZ Baozhuo agreed to grant loans of approximately RMB937 million and approximately RMB900 million to Huizhou Baozhi and SZ China Merchants, respectively (collectively the “**Loan 5**”); and ii) SZ Baojie (as lender), Huizhou Baozhi (as borrower) and SZ China Merchants (as borrower) entered into another loan agreement (the “**Loan Agreement 6**”), pursuant to which SZ Baojie agreed to grant loans of approximately RMB104 million and approximately RMB100 million to Huizhou Baozhi and SZ China Merchants, respectively (collectively the “**Loan 6**”).

Loan 5 provided by SZ Baozhuo to SZ China Merchants and Huizhou Baozhi is proportional to interest of SZ China Merchants and Huizhou Baozhi in SZ Baozhuo. Loan 6 provided by SZ Baojie to SZ China Merchants and Huizhou Baozhi is proportional to interest of SZ China Merchants and Huizhou Baozhi in SZ Baojie. Loan 5 and Loan 6 (collectively “**Further Loans**”) have the same terms and conditions, are unsecured, interest-free, and have a maximum loan period of not more than 10 years, starting from the date when the lender actually lends the funds (the “**Loan Period**”).

## **LISTING RULES IMPLICATIONS**

Immediately before the transaction, SZ Baozhuo and SZ Baojie granted Loan 1 and Loan 3 to SZ China Merchants, respectively.

Portion of the Loan 5 relating to Huizhou Baozhi and portion of Loan 6 relating to Huizhou Baozhi do not constitute a notifiable transaction under Chapter 14 of the Listing Rules. As the aggregation of Loan 1, Loan 3, portion of Loan 5 relating to SZ China Merchants and portion of Loan 6 relating to SZ China Merchants, one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 5% but all of which are below 25%, and accordingly, portion of the Loan 5 relating to SZ China Merchants and portion of the Loan 6 relating to SZ China Merchants 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**

Reference is made to the Announcement. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

On 27 February 2023, i) SZ Baozhuo, a 51% indirectly non-wholly owned subsidiary of the Company (as lender), Huizhou Baozhi (as borrower) and SZ China Merchants (as borrower) entered into the Loan Agreement 5, pursuant to which SZ Baozhuo agreed to grant the Loan 5 of approximately RMB937 million and approximately RMB900 million to Huizhou Baozhi and SZ China Merchants, respectively; and ii) SZ Baojie (as lender), Huizhou Baozhi (as borrower) and SZ China Merchants (as borrower) entered into the Loan Agreement 6, pursuant to which SZ Baojie agreed to grant the Loan 6 of approximately RMB104 million and approximately RMB100 million to Huizhou Baozhi and SZ China Merchants, respectively.

Loan 5 provided by SZ Baozhuo to SZ China Merchants and Huizhou Baozhi is proportional to interest of SZ China Merchants and Huizhou Baozhi in SZ Baozhuo. Loan 6 provided by SZ Baojie to SZ China Merchants and Huizhou Baozhi is proportional to interest of SZ China Merchants and Huizhou Baozhi in SZ Baojie. Further Loans have the same terms and conditions, are unsecured, interest-free, and have a maximum loan period of not more than 10 years, starting from the date when the lender actually lends the funds.

## **PRINCIPAL TERMS OF THE LOAN AGREEMENTS**

### **Loan 5**

Date : 27 February 2023

Lender : SZ Baozhuo

Borrower : Borrower 1 (SZ China Merchants)  
Borrower 2 (Huizhou Baozhi)

Principal of Borrower 1 : RMB900 million  
Principal of Borrower 2 : RMB937 million

Loan 5 is unsecured, interest-free, and have a maximum loan period of not more than 10 years, starting from the date when the lender actually lends the fund. SZ Baozhuo has the right to request repayment of Loan 5 at any time during the Loan Period, and the borrowers shall repay Loan 5 within 15 working days from the date of receipt of the written notice from SZ Baozhuo.

The amount of Loan 5 was determined after arm's length negotiation between SZ Baozhuo, SZ China Merchants and Huizhou Baozhi.

Loan 5 will be funded by internal resources of SZ Baozhuo.

### **Loan 6**

Date : 27 February 2023

Lender : SZ Baojie

Borrower : Borrower 1 (SZ China Merchants)  
Borrower 2 (Huizhou Baozhi)

Principal of Borrower 1 : RMB100 million  
Principal of Borrower 2 : RMB104 million

Loan 6 is unsecured, interest-free, and have a maximum loan period of not more than 10 years, starting from the date when the lender actually lends the fund. SZ Baojie has the right to request repayment of Loan 6 at any time during the Loan Period, and the borrowers shall repay Loan 6 within 15 working days from the date of receipt of the written notice from SZ Baojie.

The amount of Loan 6 was determined after arm's length negotiation between SZ Baojie, SZ China Merchants and Huizhou Baozhi.

Loan 6 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 in proportion to their equity interests when SZ Baozhuo and SZ Baojie require funds to develop the Projects. According to Loan Agreement 5 and Loan Agreement 6, if the borrowers fail to repay the loans, it shall pay liquidated damages to the lender, and the non-defaulting party also has the right to dilute the interest of other party, who fails to repay the loans, in the lender's equity. SZ Baozhuo and SZ Baojie expect that the sales proceeds of the Projects are sufficient for the construction costs, administrative expenses, taxes and loan repayments for the next 12 months. Therefore, even after each of Huizhou Baozhi and SZ China Merchants draw down the loans from SZ Baozhuo and SZ Baojie, it is expected that the sales proceeds will still be sufficient to cover the funding requirements of the Projects. The Projects are currently under construction and in pre-sales.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Loan Agreement 5 and Loan Agreement 6 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.

### **SZ Baozhuo**

SZ Baozhuo, lender of Loan 5, is a limited liability company established in the PRC, which principally engaged in property development and is an indirect 51% owned subsidiary of the Company. The remaining 49% interest is held by SZ China Merchants. SZ Baozhuo together with SZ Baojie in aggregated basis are insignificant subsidiaries of the Company as defined by Rule 14A.09(1) of the Listing Rules.

### **SZ Baojie**

SZ Baojie, lender of Loan 6, is a limited liability company established in the PRC, which principally engaged in property development and is an indirect 51% owned subsidiary of the Company. The remaining 49% interest is held by SZ China Merchants.

### **Huizhou Baozhi**

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

## **INFORMATION RELATING TO SZ CHINA MERCHANTS**

SZ China Merchants, one of the borrowers of the Further Loans, is a limited liability company established in the PRC, which 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) own 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) own 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\* (鐘偉堅) indirectly own 99.99% and 0.01% of the equity interest in TCL Technology Industry Company Limited, and Li Dongsheng\* (李東生) own 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) own 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**

Immediately before the transaction, SZ Baozhuo and SZ Baojie granted Loan 1 and Loan 3 to SZ China Merchants, respectively.

Portion of the Loan 5 relating to Huizhou Baozhi and portion of the Loan 6 relating to Huizhou Baozhi do not constitute a notifiable transaction under Chapter 14 of the Listing Rules. As the aggregation of Loan 1, Loan 3, portion of the Loan 5 relating to SZ China Merchants and portion of the Loan 6 relating to SZ China Merchants, one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 5% but all of which are below 25%, and accordingly, portion of the Loan 5 relating to SZ China Merchants and portion of the Loan 6 relating to SZ China Merchants 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.

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

Hong Kong, 27 February 2023

*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.*

*\* For identification purpose only*