

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)

CONTINUING CONNECTED TRANSACTIONS 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.

As at the date of this announcement, i) Shenzhen Baoda Real Estate Development Co., Limited* (深圳市保達房地產開發有限公司) (“SZ Baoda”), a subsidiary of the Company, is owned as to 50% by Shenzhen Baolian Industrial Co., Limited* (深圳市保聯實業有限公司) (“SZ Baolian”), an indirect wholly-owned subsidiary of the Company, and 50% by SZ Qinchengda; ii) SZ Baocheng is joint venture company which is owned as to 50% by the Company and 50% by SZ Qinchengda Group; and iii) Guangzhou Donghao Real Estate Development Co., Limited* (廣州東灝房地產開發有限公司) (“Donghao Real Estate”) is a subsidiary of the Company, which Guangdong Poly Property Co., Limited* (廣東保利置業有限公司) (“Guangdong Poly Property”), an indirect wholly-owned subsidiary of the Company, and Guangzhou Shangmian Investment Co., Limited* (廣州市上綿投資有限公司) (“Shangmian Investment”) own 75% and 25% of the equity interest, respectively.

As the applicable percentage ratios (as defined in Rule 14A.09 of the Listing Rules) for the year ended 31 December 2021 are less than 5%, SZ Baoda and Donghao Real Estate are insignificant subsidiaries of the Company at the relevant time under Rule 14A.09(1) of the Listing Rules, and accordingly, SZ Qinchengda and SZ Baocheng (being an associate of SZ Qinchengda) and Shangmian Investment are not connected persons of the Company at the relevant time under the Listing Rules.

Based on the annual results announcement of the Company for the year ended 31 December 2022, which was published by the Company on 28 March 2023, the applicable percentage ratios (as defined under Rule 14A.09(1) of the Listing Rules) in respect of SZ Baoda and Donghao Real Estate exceed 5% for the year ended 31 December 2022, and accordingly, SZ Baoda and Donghao Real Estate cease to be insignificant subsidiaries of the Company under

Rule 14A.09(1) of the Listing Rules and SZ Qinchengda, SZ Baocheng and Shangmian Investment become connected persons of the Company at the subsidiary level under the Listing Rules. The following transactions between the Group and SZ Qinchengda, SZ Baocheng and Shangmian Investment become continuing connected transactions under Chapter 14A of 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 the publication of an announcement and annual reporting in respect of the provision of loans to SZ Qinchengda, SZ Baocheng and Shangmian Investment. If the transaction agreements are renewed or the terms of the transaction agreements are amended, the Company will have to comply with all applicable reporting, announcement and independent shareholders' approval requirements (if applicable) under Chapter 14A of the Listing Rules.

(I) PROVISION OF LOANS TO MINORITY SHAREHOLDERS OF SUBSIDIARIES

SZ Qinchengda

In considering the interests of both shareholders of SZ Baoda and after the negotiation, both shareholders agreed that SZ Baoda would provide surplus funds to both shareholders in proportion to their equity interests in SZ Baoda. As at 18 April 2022, SZ Baoda has provided funds of RMB308,706,910 and RMB308,706,910 to SZ Qinchengda and SZ Baolian, respectively, with the same terms and conditions. In consideration of the interests of both shareholders, both shareholders agreed to the above arrangement before SZ Baoda declares any dividends.

As all of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to provision of funds to SZ Qinchengda do not exceed 5%, and accordingly, the provision of funds to SZ Qinchengda does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules at the relevant time.

Based on the annual results announcement of the Company for the year ended 31 December 2022, which was published by the Company on 28 March 2023, the applicable percentage ratios (as defined under Rule 14A.09(1) of the Listing Rules) exceed 5% for the year ended 31 December 2022, and accordingly, SZ Baoda ceases to be an insignificant subsidiary of the Company under Rule 14A.09(1) of the Listing Rules and SZ Qinchengda becomes a connected person of the Company at the subsidiary level under the Listing Rules. The provision of funds to SZ Qinchengda constitutes a continuing connected transaction of the Company.

Principal Terms of the Agreement for the Use of Funds

SZ Baoda, SZ Qinchengda and SZ Baolian are parties to the agreement for the use of funds dated 18 April 2022 ("Agreement for the Use of Funds"). Pursuant to the Agreement for the Use of Funds, SZ Baoda agreed to provide funds amounting to RMB308,706,910 and RMB308,706,910 to SZ Qinchengda and SZ Baolian, respectively, with the same terms and conditions in proportion with their equity interests in SZ Baoda. The funds provided are interest-free, unsecured, and has a maximum loan period of not more than 10 years, starting from the date when the lender actually lends the funds. SZ Baoda has the right to request repayment of the funds advanced at any time, and SZ Qinchengda and SZ Baolian shall repay the funds advanced within 15 working days from the date of receipt of the written notice from

SZ Baoda.

The Agreement for the Use of Funds (including fund amount) was arrived at after arm's length negotiations among the parties and was determined considering factors including the expected benefit to both shareholders of SZ Baoda for the use of funds arrangement and the financial resources of SZ Baoda and the Group.

Funding of the Provision of the Funds

The provision of the funds was funded by internal resources of SZ Baoda.

Reasons for and Benefits of the Provision of the Funds

SZ Baoda is held as to 50% by SZ Qinchengda and 50% by SZ Baolian. The principal business of SZ Baoda is property development. In considering the interests of both shareholders of SZ Baoda and after the negotiation, both shareholders agreed that SZ Baoda would provide surplus funds of SZ Baoda to both shareholders in proportion to their equity interest in SZ Baoda. Both shareholders are of the view that before SZ Baoda declares any dividends and in consideration of the interests of both shareholders, they agreed to the above arrangement. The provision of funds to SZ Baolian by SZ Baoda will facilitate the efficiency usage of cash held by the Group as a whole, which will enhance the Group's ability to acquire or invest in other land parcels or property projects. If the defaulting shareholder fails to repay the funds provided, SZ Baoda has the right to i) deduct any liabilities of SZ Baoda payable to the defaulting shareholder; or ii) deduct any after-tax retained profits available for distribution attributable to the defaulting shareholder. In addition, if any of the shareholders of SZ Baoda fails to repay the funds provided, the non-defaulting shareholder has the right to dilute the shareholding ratio of the defaulting shareholder. SZ Baoda still has sufficient working capital to cover the funds required for the project after the withdrawal of funds by the shareholders of SZ Baoda and until now. The project developed by SZ Baoda is under construction and in pre-sales.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement for the Use of Funds 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 Funds 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 Funds.

Shangmian Investment

In considering the interests of both shareholders of Donghao Real Estate and after the negotiation, both shareholders agreed that Donghao Real Estate would provide surplus funds to both shareholders in proportion to their equity interests in Donghao Real Estate. As at 14 July 2021, Donghao Real Estate has provided loans of RMB300,000,000 and RMB100,000,000 to Guangdong Poly Property and Shangmian Investment, respectively, with the same terms and conditions.

As all of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the provision of loan to Shangmian Investment do not exceed 5%, and accordingly, the provision of loan to Shangmian Investment does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules at the relevant time.

Based on the annual results announcement of the Company for the year ended 31 December 2022, which was published by the Company on 28 March 2023, the applicable percentage ratios (as defined under Rule 14A.09(1) of the Listing Rules) in relation to Donghao Real Estate exceed 5% for the year ended 31 December 2022, and accordingly, Donghao Real Estate ceases to be an insignificant subsidiary of the Company under Rule 14A.09(1) of the Listing Rules, and Shangmian Investment becomes a connected person of the Company at the subsidiary level under the Listing Rules. The provision of loan to Shangmian Investment constitutes a continuing connected transaction of the Company.

Principal Terms of the Borrowing Agreement

Donghao Real Estate, Guangdong Poly Property and Shangmian Investment are parties to the borrowing agreement dated 14 July 2021 (the “Borrowing Agreement”). Under the Borrowing Agreement, Donghao Real Estate agreed to provide loans of RMB300,000,000 and RMB100,000,000 to Guangdong Poly Property and Shangmian Investment, respectively, with the same terms and conditions in proportion with their equity interests in Donghao Real Estate. The loans provided are interest-free, unsecured, and has no fixed term of repayment. Donghao Real Estate has the right to request repayment of the loans advanced at any time, and Guangdong Poly Property and Shangmian Investment shall repay the loans advanced within 40 days from the date of receipt of the written notice from Donghao Real Estate.

The Borrowing Agreement (including loan amount) was arrived at after arm’s length negotiations among the parties and was determined considering factors including the expected benefit to both shareholders of the Borrowing Agreement and the financial resources of Donghao Real Estate and the Group.

Funding of the Provision of the Loans

The provision of the loans was funded by internal resources of Donghao Real Estate.

Reasons for and Benefits of the Provision of the Loans

Donghao Real Estate is held as to 75% by Guangdong Poly Property and 25% by Shangmian Investment. The principal business of Donghao Real Estate is property development. In considering the interests of both shareholders of Donghao Real Estate and after the negotiation, both shareholders agreed that Donghao Real Estate would provide surplus funds of Donghao Real Estate to both shareholders in proportion to their equity interest in Donghao Real Estate. The provision of funds to Guangdong Poly Property by Donghao Real Estate will facilitate the efficiency usage of cash held by the Group as a whole, which will enhance the Group's ability to acquire or invest in other land parcels or property projects. If the defaulting shareholder fails to repay the loan, the non-defaulting shareholder has the right to request Donghao Real Estate to withhold any amounts payable to the defaulting shareholder (including but not limited to shareholder's loan and distributable profits) and pay to the non-defaulting shareholder. In addition, the non-defaulting shareholder has the right to dilute the shareholding ratio of the defaulting shareholder. Donghao Real Estate still has sufficient working capital to cover the funds required for the project after the withdrawal of funds by the shareholders of Donghao Real Estate and until now. The project developed by Donghao Real Estate is still under development and portion of the properties of the project have been completed and delivered.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Borrowing Agreement 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 Borrowing Agreement and the transactions contemplated thereunder and hence no Director had abstained from voting on the relevant resolutions approving the transactions contemplated under the Borrowing Agreement.

(II) PROVISION OF LOANS TO A JOINT VENTURE COMPANY

Reference is made to the Company's announcements dated 29 July 2022 and 24 March 2023 in relation to a discloseable transaction to provide loans to a joint venture company (the "Announcements"). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

SZ Baocheng is a 50% owned joint venture company of the Company. SZ Baocheng is held as to 50% by SZ Qinchengda Group and 50% by an indirect wholly-owned subsidiary of the Company, SZ Baolong. As at 24 March 2023, SZ Baoda has provided funds to SZ Baocheng totaling RMB628,420,000 (the "Total Loans").

When the Existing Loans, Loan and the Further Loan is aggregated, one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 5% but all of which were below 25%, and accordingly, the Total Loans to SZ Baocheng constitutes a discloseable transaction of 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. Details of arrangement of the Existing Loans, Loan and the Further Loan have been disclosed in the Announcements.

As the ultimate beneficiary owners of SZ Qinchengda have more than 30% interest in SZ Baocheng, SZ Baocheng is an associate of SZ Qinchengda, and accordingly, as at the date of this announcement, SZ Baocheng is a connected person of the Company at the subsidiary level under the Listing Rules.

Based on the annual results announcement of the Company for the year ended 31 December 2022, which was published by the Company on 28 March 2023, the applicable percentage ratios (as defined under Rule 14A.09(1) of the Listing Rules) in relation to SZ Baoda exceed 5% for the year ended 31 December 2022, and accordingly, SZ Baoda ceases to be an insignificant subsidiary of the Company under Rule 14A.09(1) of the Listing Rules and SZ Baocheng becomes a connected person of the Company at the subsidiary level under the Listing Rules. The provision of loans to SZ Baocheng constitutes a continuing connected transaction of the Company.

Principal Terms of the Existing Loans, the Loan Agreement and the Further Loan Agreement

Details of the principal terms of the Existing Loans, the Loan Agreement and the Further Loan Agreement have been disclosed in the Announcements dated 29 July 2022 and 24 March 2023.

Funding of the Loans

The Total Loans were funded by internal resources of SZ Baoda.

Reasons for and Benefits of the Provision of the Loans

The details of the reasons for and benefits of the provision of the loans to SZ Baocheng have been disclosed in the Announcements dated 29 July 2022 and 24 March 2023.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Existing Loans, the Loan Agreement and the Further Loan Agreement 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 Existing Loans, the Loan Agreement and the Further Loan Agreement and the transactions contemplated thereunder and hence no Director had abstained from voting on the relevant resolutions approving the transactions contemplated under the Existing Loans, the Loan Agreement and the Further Loan Agreement.

INFORMATION RELATING TO SZ BAOCHENG, SZ QINCHENGDA GROUP AND SZ QINCHENGDA

SZ Baocheng is a limited liability company established in the PRC and is a 50% owned joint venture company of the Company, and is principally engaged in the business of property development. SZ Qinchengda Group directly holds the remaining 50% equity interest of SZ Baocheng. 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 Qinchengda Investment and Qinchengda Holdings directly own 70% and 30% of the equity interest in SZ Qinchengda Group, respectively. Keenstar Industrial directly owns 100% of the equity interest in SZ Qinchengda Investment. Gu Hanning indirectly owns 100% of the equity interest in Keenstar Industrial. Gu Hanning and Liao Xinyuan own 99% and 1% of the equity interest in Qinchengda Holdings, 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, Gu Hanning and Liao Xinyuan are third parties independent of the Company and its connected persons.

Qinchengda International (Holdings) and SZ Qinchengda Group directly hold 66% and 34% of the equity interest in SZ Qinchengda, respectively. Gu Yaoming directly holds 100% equity interest in Qinchengda International (Holdings). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Gu Hanning, Gu Yaoming and Liao Xinyuan are third parties independent of the Company and its connected persons.

INFORMATION RELATING TO THE COMPANY, SZ BAODA, SZ BAOLONG, SZ BAOLIAN, GUANGDONG POLY PROPERTY AND DONGHAO REAL ESTATE

The Company is principally engaged in 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 Baoda is a limited liability company established in the PRC. It is an indirect 50% owned subsidiary of the Company, which is principally engaged in the business of property development. SZ Qinchengda directly holds the remaining 50% equity interest in the capital of SZ Baoda.

SZ Baolong is a limited liability company established in the PRC and is an indirect wholly-owned subsidiary of the Company, which the principal business is investment holding. It directly holds 50% equity interest in the capital of SZ Baocheng.

SZ Baolian is a limited liability company established in the PRC and is an indirect wholly-owned subsidiary of the Company, which the principal business is investment holding. It directly holds 50% equity interest in the capital of SZ Baoda.

Guangdong Poly Property is a limited liability company established in the PRC and is an indirect wholly-owned subsidiary of the Company, which the principal business is investment holding. It directly holds 75% equity interest in the capital of Donghao Real Estate.

Donghao Real Estate is a limited liability company established in the PRC and is an indirect 75% owned subsidiary of the Company, which the principal business is property development. Shangmian Investment directly holds the remaining 25% equity interest in the capital of Donghao Real Estate.

INFORMATION RELATING TO SHANGMIAN INVESTMENT

Shangmian Investment is a limited liability company established in the PRC. Guangzhou Congjie Trading Co., Limited* (廣州聰杰貿易有限公司) (“Congjie Trading”) directly holds 100% equity interest in the capital of Shangmian Investment. Tang Fenqiang* (唐奮強) and Huang Haitao* (黃海濤) directly hold 98% and 2% equity interest in the capital of Congjie Trading, respectively. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Tang Fenqiang and Huang Haitao are third parties independent of the Company and its connected persons.

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

Hong Kong, 29 March 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. Chen Yuwen, 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*