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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)

VOLUNTARY ANNOUNCEMENT

ENTRY OF JOINT VENTURE AGREEMENT

Background

The Company and China Resources Land Limited (“**CRL**”) acquired a piece of land of about 9,481 square metres located in Kai Tak, Kowloon from the Government of the HKSAR through a public tender (the “**Land**”) in June 2019. It is proposed that the Land will be developed through a joint venture company (the “**JV Co**”) which is held as to 35% by the Company and 65% by CRL. It is intended by the shareholders to the JV Co that the Land will be developed into a composite development comprising primarily of residential properties.

The parties have entered into a joint venture agreement (the “**JVA**”) on 26 November 2021 to set out their rights and obligations in relation to the JV Co and to regulate the operation and management of the JV Co going forward.

Pursuant to the JVA, the parties agree that the scope of business of the JV Co is to acquire, hold and develop the Land in compliance with the terms and conditions of the JVA with the prime objective of selling or letting of the units, buildings and any parts to be developed and constructed on the Land according to the decision of the shareholders of the JV Co and the land grant conditions made from time to time by reference to the prevailing real estate market condition.

Options

Under the JVA, the Company and CRL agree that on occurrence of certain customary events of default, the non-defaulting shareholder (the “**Non-Defaulting Shareholder**”) shall have the right (the “**Default Call Option**”) (but not the obligation) to serve a notice on the defaulting shareholder (the “**Defaulting Shareholder**”), upon which the Defaulting Shareholder is deemed to have

offered to transfer its shares (or the relevant portion thereof) in the JV Co (together with an assignment of the corresponding shareholder loans) to the Non-Defaulting Shareholder at a discount to the Fair Market Value (see below). No premium is payable for the Default Call Option.

Further, if at any time, any shareholder holds 80% or more of the shares in the JV Co (the “**Majority Shareholder**”), the Majority Shareholder shall have the right (the “**Sweep-up Call Option**”) (but not the obligation) to serve a notice on the other shareholder (the “**Minority Shareholder**”) to request the Minority Shareholder to transfer all of its shares in the JV Co (together with an assignment of all outstanding shareholder loans) to the Majority Shareholder at a discount to the Fair Market Value (see below). No premium is payable for the Sweep-up Call Option.

The Default Call Option and the Sweep-up Call Option shall together be referred to as the “**Options**”.

The Fair Market Value shall be determined by an independent valuer (to be appointed by the Non-Defaulting Shareholder or the Majority Shareholder (as the case may be)) after taking into account a valuation of the Land by a reputable property valuer.

The Options are exit arrangements which are common in joint ventures. As either party may exercise the Options depending on future circumstances, it is not possible to determine at the outset which party will do so nor is it possible to determine the exercise price until the time of exercise.

Compliance with the Listing Rules

The formation of the JV Co does not constitute a transaction under Chapter 14 as it is exempted under Rule 14.04(1)(f) under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Company is making this announcement on a voluntary basis as the exercise of the Options by CRL against the Company would bind the Company to a possible disposal in the future.

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

Hong Kong, 26 November 2021

As at the date of this announcement, the executive directors of the Company are Mr. Wan Yuqing, Mr. Xue Ming, 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.