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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 AMENDMENT TO TERMS OF GUARANTEE PROVIDED FOR LOAN OF A JOINT VENTURE COMPANY

AMENDMENT TO TERMS OF GUARANTEE PROVIDED FOR LOAN 1 OF JV 1

Reference is made to the Announcement.

JV Partner and an indirect wholly-owned subsidiary of the Company hold each of the 50% interest in the capital of JV 1. As at 24 February 2023, the Bank has provided Loan 1 to JV 1 with an outstanding loan balance of approximately RMB 3,166 million. JV 1 has used the outstanding loan balance of Loan 1 to develop a real estate project in Longxi Village, Longgang District, Shenzhen. At the same time, the Guarantor and the JV Partner, respectively, provide guarantees for Loan 1 in accordance with their respective shareholdings in JV 1. After negotiation between JV 1 and the Bank, the Bank agreed to enter into the Supplemental Loan Agreement for the outstanding loan balance of the aforementioned Loan 1 to amend certain terms of the Loan Agreement 1, including, among other things, revision of the loan principal to RMB 3,166 million, extension of loan repayment period to 2027 and adjustment to repayment schedule. Accordingly, the Guarantor issued the Confirmation Letter to the Bank on the same day (24 February 2023), confirming to irrevocably agree that (1) the Guarantor has been aware of and agreed to the Supplemental Loan Agreement; and (2) the Guarantee Agreement 1 shall continue to be effective.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the guarantee provided under the Guarantee Agreement 1 and the Confirmation Letter exceed 5% but all are less than 25%, the guarantee provided under the Guarantee Agreement 1 and the Confirmation Letter constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

AMENDMENT TO TERMS OF GUARANTEE PROVIDED FOR LOAN 1 OF JV 1

Reference is made to the announcement issued by Poly Property Group Co., Limited (the “Company”) dated 25 July 2019 (the “Announcement”) in relation to a disclosable transaction regarding Poly Property Group Co., Ltd.* (保利置業集團有限公司), an indirect wholly-owned subsidiary of the Company incorporated in the People’s Republic of China (the “PRC”), as a guarantor to provide guarantee in favor to the Bank under the Guarantee Agreement 1 as one of the conditions for the Bank to provide Loan 1 to JV 1. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

JV Partner and an indirect wholly-owned subsidiary of the Company hold each of the 50% interest in the capital of Shenzhen Baocheng Real Estate Development Co., Ltd.* (深圳市保誠房地產開發有限公司) (JV 1). As at 24 February 2023, the Bank has provided Loan 1 to JV 1 with an outstanding loan balance of approximately RMB 3,166 million. JV 1 has used the outstanding loan balance of Loan 1 to develop a real estate project in Longxi Village, Longgang District, Shenzhen. At the same time, the Guarantor and the JV Partner, respectively, provide guarantees for Loan 1 in accordance with their respective shareholdings in JV 1. After negotiation between JV 1 and the Bank, the Bank agreed to enter into a supplemental loan agreement (the “Supplemental Loan Agreement”) for the outstanding loan balance of the aforementioned Loan 1 to amend certain terms of the Loan Agreement 1, including, among other things, revision of the loan principal to RMB 3,166 million, extension of loan repayment period to 2027 and adjustment to repayment schedule. Accordingly, the Guarantor issued a confirmation letter (the “Confirmation Letter”) to the Bank on the same day (24 February 2023), confirming to irrevocably agree that (1) the Guarantor has been aware of and agreed to the Supplemental Loan Agreement; and (2) the Guarantee Agreement 1 shall continue to be effective.

PRINCIPAL TERMS OF THE GUARANTEE AGREEMENT 1 AND THE CONFIRMATION LETTER

Date	:	25 July 2019 / 24 February 2023
Guarantor/ Confirmation Party	:	the Guarantor
Beneficial	:	the Bank
Scope of Guarantee	:	Loan 1's outstanding loan principal of RMB 1,583 million and the interest, compound interest, penalty interest, liquidated damages, damages and the expenses from realization of debt rights. The expenses from realization of debt rights include but are not limited to chaser fees, litigation costs (or arbitration costs), property security fees, announcement fees, execution fees, legal fees, travel expenses and other fees.
Term of the Guarantee	:	commencing from the expiry of the repayment period under the Loan Agreement 1 and the Supplemental Loan Agreement up to 3 years after the expiry date of the repayment obligation of all tranches of loans under the Loan Agreement 1 and the Supplemental Loan Agreement.
Arrangement of the Guarantee	:	several liability

REASONS AND BENEFITS OF AMENDMENT TO TERMS OF GUARANTEE PROVIDED FOR LOAN 1 OF JV 1

At present, the outstanding loan balance of Loan 1 granted by the Bank to JV 1 is RMB 3,166 million, and in accordance with the terms of Loan Agreement 1 and the Supplemental Loan Agreement, it is agreed to revise the loan principal to RMB 3,166 million, to extend loan repayment period to 2027 and to adjust repayment schedule. Accordingly, the Guarantor agreed to continue to provide guarantee to the Bank for the outstanding loan balance of Loan 1 in accordance with the terms of the Guarantee Agreement 1 and the Confirmation Letter in proportion to its shareholding in JV 1, with an amount of RMB 1,583 million. In addition, the JV Partner also agreed to continue to provide guarantee to the Bank for the outstanding loan balance of Loan 1 in accordance with the same terms and conditions in proportion to its shareholding in JV 1, with the same amount of RMB 1,583 million.

At present, the real estate project in Longxi Village, Longgang District, Shenzhen is still in the demolition stage, and there is a large demand for funds. The Board believes that JV 1 entering into the Supplemental Loan Agreement with the Bank to extend repayment period of the outstanding loan balance of Loan 1 and to adjust repayment schedule and the Guarantor issued the Confirmation Letter to revise the terms of guarantee under Loan 1 could improve the working capital and meet the financial needs of JV 1 for the development of the real estate project in Longxi Village, Longgang District, Shenzhen, and thereby benefiting the Company in the development of its principal business, and is in line with its business strategy and overall interest.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Guarantee Agreement 1 and the Confirmation Letter 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 SHENZHEN BAOCHENG REAL ESTATE DEVELOPMENT CO., LTD.*

JV 1 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. Shenzhen Qinchengda Group Co., Limited* (深圳市勤誠達集團有限公司) holds the remaining 50% equity interest in the capital of JV 1. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, Shenzhen Qinchengda Investment Limited* (深圳市勤誠達投資有限公司) and Qinchengda Holdings Limited* (勤誠達控股有限公司) own 70% and 30% of the equity interest in Shenzhen Qinchengda Group Co., Limited, respectively. Keenstar Industrial Development Co., Limited owns 100% of the equity interest in Shenzhen Qinchengda Investment Limited. Keenland Co., Ltd. owns 100% of the equity interest in Keenstar Industrial Development Co., Limited. Gu Hanning* (古漢寧) owns 100% of the equity interest in Keenland Co., Ltd. Gu Hanning and Liao Xinyuan* (廖新源) own 99% and 1% of the equity interest in Qinchengda Holdings Limited, 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.

INFORMATION RELATING TO THE COMPANY

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.

INFORMATION RELATING TO POLY PROPERTY GROUP CO., LTD.

The Gurantor 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.

INFORMATION RELATING TO CHINA CITIC BANK CORPORATION LIMITED

The Bank is a financial institution established in the PRC, the shares of which are listed on the Stock Exchange (Stock Code: 998) and Shanghai Stock Exchange (Stock Code:601998). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Bank and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the guarantee provided under the Guarantee Agreement 1 and the Confirmation Letter exceed 5% but all are less than 25%, the guarantee provided under the Guarantee Agreement 1 and the Confirmation Letter constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

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

Hong Kong, 24 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 only*