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KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

嘉里建設有限公司*

website: www.kerryprops.com

(Stock Code: 683)

DISCLOSEABLE TRANSACTIONS: ACQUISITIONS OF FURTHER INDIRECT INVESTMENT IN SHANGHAI KRUPP

Reference is made to the announcement issued by the Company dated 30 August 2016 in relation to the 1st Transaction. As disclosed in the said announcement, pursuant to the Framework Agreement, Cai Chang has become wholly-owned by the Group and was holding capital contribution of RMB1,118 million (approximately HK\$1,263.3 million) and RMB1,053.0 million (approximately HK\$1,189.9 million) in Ji Ting and Cai Ju respectively, representing approximately 19.9643% and 19.812% capital interest in Ji Ting and Cai Ju respectively at a total consideration of RMB2,413.7 million (approximately HK\$2,727.5 million). Ji Ting and Cai Ju are in turn indirectly holding 55% and 40% respectively of the registered capital of Shanghai Krupp via the Trust Scheme, the Group was therefore indirectly holding approximately 18.9051% equity interest in Shanghai Krupp which is the owner of the Project Site.

On 22 December 2016, Cai Chang entered into the 2nd Transaction with Haiyuan to further acquire approximately 9.9821% capital interest in Ji Ting from Haiyuan at a total consideration of RMB701.9 million (approximately HK\$793.1 million). On completion of the 2nd Transaction, Cai Chang was holding approximately 29.9464% capital interest in Ji Ting and together with the existing 19.812% capital interest in Cai Ju, the Group was therefore indirectly holding approximately 24.3953% equity interest in Shanghai Krupp via the Trust Scheme.

On 31 March 2017, Cai Chang entered into the 3rd Transaction with Cai Lei to further acquire approximately 19.9643% capital interest in Ji Ting from Cai Lei at a total consideration of RMB1,556.8 million (approximately HK\$1,759.2 million). On completion of the 3rd Transaction, Cai Chang shall hold approximately 49.9107% capital interest in Ji Ting and together with the existing 19.812% capital interest in Cai Ju, the Group shall be indirectly holding approximately 35.3757% equity interest in Shanghai Krupp via the Trust Scheme.

The consideration for each of the Relevant Transactions was below 5% of the applicable percentage ratios under Chapter 14 of the Listing Rules. However, since the Transactions will take place within a 12-month period, the Transactions shall be aggregated and the aggregate consideration payable by the Group for the Transactions of RMB4,672.4 million (approximately HK\$5,279.8 million) or for the Relevant Transactions of RMB2,258.7 million (approximately HK\$2,552.3 million), each of which exceeds 5% but is lower than 25% of the applicable percentage ratios under Chapter 14 of the Listing Rules. The Relevant Transactions therefore constitute discloseable transactions for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

Reference is made to the announcement issued by the Company dated 30 August 2016 in relation to the 1st Transaction. As disclosed in the said announcement, pursuant to the Framework Agreement, Cai Chang has become wholly-owned by the Group and was holding capital contribution of RMB1,118 million (approximately HK\$1,263.3 million) and RMB1,053.0 million (approximately HK\$1,189.9 million) in Ji Ting and Cai Ju respectively, representing approximately 19.9643% and 19.812% capital interest in Ji Ting and Cai Ju respectively at a total consideration of RMB2,413.7 million (approximately HK\$2,727.5 million). Ji Ting and Cai Ju are in turn indirectly holding 55% and 40% respectively of the registered capital of Shanghai Krupp via the Trust Scheme, the Group was therefore indirectly holding approximately 18.9051% equity interest in Shanghai Krupp which is the owner of the Project Site.

THE HAIYUAN AGREEMENT

Date: 22 December 2016

Parties: Haiyuan and Cai Chang.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Haiyuan and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Consideration

Cai Chang acquired the capital contribution of RMB559.0 million (approximately HK\$631.7 million), representing approximately 9.9821% capital interest, in Ji Ting from Haiyuan at a total consideration of RMB701.9 million (approximately HK\$793.1 million).

The total consideration was determined after arm's length negotiations between the parties on normal commercial terms and was funded by the internal resources and/or external bank borrowings of the Group. The funding requirement did not have any material impact on the Group.

Completion

Upon completion on 23 December 2016, Cai Chang was holding approximately 29.9464% capital interest in Ji Ting together with the existing 19.812% capital interest in Cai Ju. Since Ji Ting and Cai Ju are indirectly holding 55% and 40% respectively of the registered capital of Shanghai Krupp via the Trust Scheme, the Group is indirectly holding approximately 24.3953% equity interest in Shanghai Krupp upon completion of the 2nd Transaction.

THE CAI LEI AGREEMENT

Date: 31 March 2017

Parties: Cai Lei and Cai Chang.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Cai Lei and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Consideration

Cai Chang conditionally agreed to acquire the capital contribution of RMB1,118.0 million (approximately HK\$1,263.3 million), representing approximately 19.9643% capital interest, in Ji Ting from Cai Lei at a total consideration of RMB1,556.8 million (approximately HK\$1,759.2 million).

The total consideration was determined after arm's length negotiations between the parties on normal commercial terms and will be funded by the internal resources and/or external bank borrowings of the Group. The funding requirement is not expected to have any material impact on the Group.

Completion

If any of the conditions precedent set out in the Cai Lei Agreement has not been satisfied within 2 months from the date of the Cai Lei Agreement, Cai Chang shall have the right to terminate the Cai Lei Agreement. Completion shall take place on the fifth working day after all the conditions precedent have been satisfied or waived, or on such other date as Cai Lei and Cai Chang may agree. Upon completion, Cai Chang shall hold approximately 49.9107% capital interest in Ji Ting, together with the existing 19.812% capital interest in Cai Ju. Since Ji Ting and Cai Ju are indirectly holding 55% and 40% respectively of the registered capital of Shanghai Krupp via the Trust Scheme, the Group shall indirectly hold approximately 35.3757% equity interest in Shanghai Krupp upon completion of the 3rd Transaction.

REASONS FOR AND BENEFITS OF ENTERING INTO THE RELEVANT TRANSACTIONS

The Directors consider that the Relevant Transactions provide the Group with a good opportunity to increase its indirect investment in Shanghai Krupp which is the owner of the Project Site. Subject to application to the government authorities for conversion of land use right from industrial use to commercial, office and residential use through payment of land premium, the Project Site (which is a piece of land situated in a prime area of Pudong, Shanghai, the PRC) is capable of being redeveloped into a mixed-use real estate development. Therefore, the Relevant Transactions are expected to further enhance the value of the Shareholders.

The Directors believe that the terms of the Relevant Transactions are fair and reasonable, and the Relevant Transactions are on normal commercial terms, in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

The Board confirms that none of the Directors had any material interests in the Relevant Transactions and accordingly none of the Directors was required to abstain from voting on the resolutions in relation to the Relevant Transactions.

INFORMATION ABOUT THE PARTIES

The principal activity of the Company is investment holding and the principal activities of the Company's subsidiaries and associates comprise property development, investment and management in Hong Kong, the PRC and the Asia Pacific region; hotel ownership in Hong Kong, and hotel ownership and operations in the PRC; and integrated logistics and international freight forwarding.

Cai Chang is wholly-owned by the Company and a limited partnership established on 20 October 2014 and existing under the PRC law. Cai Chang is principally engaged in investment management and consultancy.

Haiyuan is a limited liability company established and existing under the PRC law and is principally engaged in business consultancy, industrial investment and related consultancy services.

Cai Lei is a limited partnership established on 7 August 2014 and existing under the PRC law and is principally engaged in investment management and consultancy.

Ji Ting is a limited partnership established on 23 December 2014 and existing under the PRC law and is principally engaged in equity investment, equity investment management, industrial investment and related consultancy services.

Shanghai Krupp is a limited liability company established and existing under the PRC law and is principally engaged in stainless steel and stainless steel products manufacturing, and provision of related technical consultancy services. Shanghai Krupp is the owner of the Project Site.

FINANCIAL INFORMATION OF JI TING AND SHANGHAI KRUPP

The net asset value of Ji Ting based on the its unaudited management accounts as of 31 December 2016 was RMB6,345.9 million (approximately HK\$7,170.9 million).

The net liabilities of Shanghai Krupp based on its unaudited financial statements for the year ended 31 December 2016 was RMB653.7 million (approximately HK\$738.7 million).

As no audited accounts are required to be prepared by Ji Ting under the PRC law, no audited financial information of Ji Ting is available for the financial year ended 31 December 2015. For the financial year ended 31 December 2016, the net loss (both before and after taxation) of Ji Ting was RMB48.2 million (approximately HK\$54.5 million).

For the two financial years ended 31 December 2015 and 31 December 2016, the net loss (both before and after taxation) of Shanghai Krupp were RMB1,003.9 million (approximately HK\$1,134.4 million) and RMB244.9 million (approximately HK\$276.7 million) respectively.

The book value of the Project Site including the land use rights and other fixed assets as set out in the unaudited financial statements of Shanghai Krupp for the year ended 31 December 2016 was RMB370.9 million (approximately HK\$419.1 million).

IMPLICATIONS UNDER THE LISTING RULES

The consideration for each of the Relevant Transactions was below 5% of the applicable percentage ratios under Chapter 14 of the Listing Rules. However, since the Transactions will take place within a 12-month period, the Transactions shall be aggregated and the aggregate consideration payable by the Group for the Transactions of RMB4,672.4 million (approximately HK\$5,279.8 million) or for the Relevant Transactions of RMB2,258.7 million (approximately HK\$2,552.3 million), each of which exceeds 5% but is lower than 25% of the applicable percentage ratios under Chapter 14 of the Listing Rules. The Relevant Transactions therefore constitute discloseable transactions for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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| “1st Transaction” | the signed Framework Agreement and the transactions contemplated thereof; |
| “2nd Transaction” | the signed Haiyuan Agreement and the transactions contemplated thereof; |
| “3rd Transaction” | the entering into of the Cai Lei Agreement and the transactions contemplated thereof; |
| “Board” | the board of Directors; |
| “Cai Chang” | 上海財暢投資管理合夥企業（有限合夥） Shanghai Cai Chang Investment Management Partnership Corporation (Limited Partnership)* is wholly-owned by the Company and a limited liability partnership established under the PRC law; |
| “Cai Ju” | 上海財居投資管理合夥企業（有限合夥） Shanghai Cai Ju Investment Management Partnership Corporation (Limited Partnership)*, a limited liability partnership established under the PRC law; |
| “Cai Lei” | 上海財磊投資管理合夥企業（有限合夥） Shanghai Cai Lei Investment Management Partnership Corporation (Limited Partnership)*, a limited liability partnership established under the PRC law; |
| “Cai Lei Agreement” | the share transfer agreement dated 31 March 2017 and entered into between Cai Lei and Cai Chang in relation to acquisition of 19.9643% capital interests in Ji Ting; |
| “Company” | Kerry Properties Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange; |
| “Directors” | directors of the Company; |

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| “Framework Agreement” | the framework agreement dated 30 August 2016 and entered into by 極尚（北京）管理諮詢有限公司 Excellent (Beijing) Management Consultancy Ltd.*, 嘉里工程項目管理（北京）有限公司 Kerry Properties (Beijing) Development Co., Ltd.*, 上海陸家嘴投資發展有限公司 Shanghai Lujiazui Investment Development Co., Ltd.* and 福建陽光股權投資管理有限公司 Fujian Sunshine Equity Investment Management Co., Ltd.* in relation to acquisition of capital interests in Cai Chang; |
| “Group” | the Company and its subsidiaries; |
| “Haiyuan” | 杭州海源國際商貿有限公司 Hangzhou Haiyuan International Business Limited*, a company established under the PRC law; |
| “Haiyuan Agreement” | the share transfer agreement dated 22 December 2016 and entered into between Haiyuan and Cai Chang in relation to acquisition of 9.9821% capital interests in Ji Ting; |
| “Ji Ting” | 上海戟亭投資合夥企業（有限合夥） Shanghai Jiting Investment Partnership Corporation (Limited Partnership)*, a limited liability partnership established under the PRC law; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “percentage ratios” | has the meaning ascribed to it in Chapter 14 of the Listing Rules; |
| “PRC” | the People’s Republic of China; |
| “Project Site” | the site located at 21 Tong Yao Road, Pudong New Area, Shanghai, the PRC, with a gross area of approximately 412,020 square metres, designated for industrial use and previously with 20 buildings on the site which are currently under demolition; |
| “Relevant Transactions” | the 2nd Transaction and the 3rd Transaction; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “Shanghai Krupp” | 上海克虜伯不鏽鋼有限公司 Shanghai Krupp Stainless Co. Ltd., a company established under the PRC law; |
| “Shareholders” | shareholders of the Company; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Transactions” | the 1st Transaction and the Relevant Transactions; and |

“Trust Scheme”

陸家嘴信託 • 城市新興區域發展基金1號集合資金信託計劃
Lujiazui Trust • City Xinxing District Development Fund No. 1
Capital Raising Trust Scheme*, the trust scheme set up for the
purpose of holding the equity interest in Shanghai Krupp and
currently holding 95% of the registered capital of Shanghai Krupp
The trustee of the Trust Scheme is 陸家嘴國際信託有限公司
Lujiazui International Trust Co., Ltd.

*Amounts denominated in RMB in this announcement have been converted into HK\$ at the rate of
RMB1=HK\$1.13 for illustration purposes.*

By order of the Board
Kerry Properties Limited
Li Siu Ching, Liz
Company Secretary

Hong Kong, 31 March 2017

As at the date of this announcement, the Directors are:

Executive Directors: *Messrs. Wong Siu Kong, Ho Shut Kan and Bryan Pallop Gaw*

Non-executive Director: *Mr. Kuok Khoon Hua*

Independent Non-

executive Directors: *Mr. Ku Moon Lun, Ms. Wong Yu Pok, Marina, JP and Mr. Chang Tso Tung, Stephen*

* *For identification purpose only*