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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: 00683)

CONNECTED TRANSACTIONS RELATING TO THE SALES OF PROPERTY UNITS OF 15 HOMANTIN HILL

The Board announces that on 29 January 2007, the Vendor (through its agent, Kerry Real Estate Agency Limited) entered into two memoranda for sale with the Purchasers pursuant to which the Vendor agreed to sell and the Purchasers agreed to purchase two property units and two car-parking spaces at the development known as “15 Homantin Hill”.

The Purchasers are regarded as connected persons (as defined under the Listing Rules) of the Company. Accordingly, the sales of the Property Units by the Vendor to the Purchasers constitute connected transactions for the Company under the Listing Rules. As the aggregate consideration of the sales of the Property Units (in the amount of HK\$81,754,000) exceeds 0.1% but is less than 2.5% of the total assets of the Group and the market capitalisation of the Company, under Rule 14A.32 of the Listing Rules, the sales of the Property Units are only subject to the reporting and announcement requirements but are exempt from the independent shareholders’ approval requirements of Chapter 14 of the Listing Rules. Details of the sales of the Property Units will be included in the next published annual report and accounts of the Company according to Rule 14A.45 of the Listing Rules.

INTRODUCTION

The Board announces that on 29 January 2007, the Vendor (through its agent, Kerry Real Estate Agency Limited) entered into two memoranda for sale with the Purchasers pursuant to which the Vendor agreed to sell and the Purchasers agreed to purchase two property units and two car-parking spaces at the development known as “15 Homantin Hill”.

MEMORANDA FOR SALE DATED 29 JANUARY 2007

1. **Vendor:** Wing Tak Cheung Limited
2. **Purchasers:**
 - (a) Property Unit 39A: Ace Rate Investments Limited
 - (b) Property Unit 39B: Jumbo Hub Limited
3. **Property Units:**
 - (a) Property Unit 39A of “15 Homantin Hill” with a gross floor area of 2,320 square feet, together with Car-parking Space No. 15 on Car-park Level 2

(b) Property Unit 39B of “15 Homantin Hill” with a gross floor area of 2,008 square feet, together with Car-parking Space No. 16 on Car-park Level 2

4. Consideration: (a) Property Unit 39A: HK\$45,416,000

(b) Property Unit 39B: HK\$36,338,000

5. Payment Terms: (i) An initial deposit of an amount equivalent to 5% of the consideration was paid upon the signing of the memoranda for sale.

(ii) A further deposit of an amount equivalent to 10% of the consideration will be payable on or before 5 February 2007.

(iii) The balance (i.e. 85%) of the consideration will be payable within 14 days from the notice of completion issued by the Vendor, or on or before 29 June 2007, whichever is later.

6. Date of Signing of the Formal Agreements for Sale and Purchase: On or before 1 February 2007

7. Completion Date: 14 days from the notice of completion issued by the Vendor

REASON FOR THE SALES OF THE PROPERTY UNITS

“15 Homantin Hill” is a luxury residential project developed by the Group. The sales of the Property Units are in the ordinary course of business of the Group.

The consideration for the sale of each of the Property Units was determined following arms’ length negotiations between the Vendor and the Purchasers based on the prevailing market prices for similar premises transacted at the time of negotiations. The proceeds of the sales of the Property Units will be used as general working capital of the Group. The aggregate book value of the Property Units is approximately HK\$20,688,000. It is expected that the Company will record a net profit of approximately HK\$47,850,000 after payment of stamp duty and provision for taxation but before deduction of any marketing costs and expenses.

The Directors, including the independent non-executive directors of the Company, are of the opinion that the terms of the sale of each of the Property Units are fair and reasonable and the sales of the Property Units are entered into in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE GROUP, THE VENDOR, KHL AND THE PURCHASERS

The Group is principally engaged in (i) property development, investment and management in Hong Kong, the PRC and the Asia Pacific region; (ii) logistics, freight, warehouse ownership and operations; (iii) infrastructure-related investments in Hong Kong and the PRC; and (iv) hotel ownership and operations in Hong Kong and the PRC.

The Vendor is a property development company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. Currently, its only business activity is the development, ownership and trading of the property interests in the “15 Homantin Hill” project.

KHL is an investment holding company. As at the date of this announcement, KHL is interested in 702,917,379 Shares as disclosed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), representing approximately 56.64% of the existing issued share capital of the Company and is the controlling shareholder of the Company.

The Purchasers are property holding companies incorporated in Hong Kong and indirect 79.17%-owned subsidiaries of KHL.

IMPLICATIONS UNDER THE LISTING RULES

The Purchasers are regarded as connected persons of the Company. Accordingly, the sales of the Property Units by the Vendor to the Purchasers constitute connected transactions for the Company under the Listing Rules. As the aggregate consideration of the sales of the Property Units (in the amount of HK\$81,754,000) exceeds 0.1% but is less than 2.5% of the total assets of the Group and the market capitalisation of the Company, under Rule 14A.32 of the Listing Rules, the sales of the Property Units are only subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirements of Chapter 14 of the Listing Rules. Details of the sales of the Property Units will be included in the next published annual report and accounts of the Company according to Rule 14A.45 of the Listing Rules.

GENERAL

As at the date of this announcement, the executive Directors are Messrs. Ang Keng Lam, Wong Siu Kong, Ho Shut Kan and Ma Wing Kai, William, the non-executive Director is Mr. Tse Kai Chi and the independent non-executive Directors are Messrs. William Winship Flanz, Lau Ling Fai, Herald and Christopher Roger Moss, O.B.E.

DEFINITIONS

“15 Homantin Hill”	a luxury residential property development situated at 15 Ho Man Tin Hill Road, Kowloon, Hong Kong;
“Board”	the board of Directors;
“Company”	Kerry Properties Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of HKSE;
“connected person”	has the meaning ascribed to it in the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKSE”	The Stock Exchange of Hong Kong Limited;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;

“KHL”	Kerry Holdings Limited, a company incorporated in Hong Kong, being the controlling shareholder of the Company;
“Listing Rules”	The Rules Governing the Listing of Securities on HKSE;
“PRC”	The People’s Republic of China;
“Property Unit 39A”	Unit 39A of “15 Homantin Hill”, together with Car-parking Space No. 15 on Car-park Level 2;
“Property Unit 39B”	Unit 39B of “15 Homantin Hill”, together with Car-parking Space No. 16 on Car-park Level 2;
“Property Units”	Property Unit 39A and Property Unit 39B;
“Purchasers”	Ace Rate Investments Limited and Jumbo Hub Limited, both of which are companies incorporated in Hong Kong and indirect 79.17%-owned subsidiaries of KHL;
“Vendor”	Wing Tak Cheung Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company; and
“%”	per cent.

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

Hong Kong, 30 January 2007

* *For identification purpose only*

“Please also refer to the published version of this announcement in South China Morning Post”