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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)

ANNOUNCEMENT

DISCLOSEABLE TRANSACTION

ACQUISITION OF LAND IN SHENYANG

The Board wishes to announce that on 28 June 2007, KSRE, a wholly-owned subsidiary of the Company, won a bid at an open bidding to acquire the Site which is situated at Shenhe District, Shenyang, the PRC at the consideration of RMB2,765 million (equivalent to approximately HK\$2,836 million). Accordingly, on 28 June 2007, KSRE entered into the Confirmation Agreement with SLRTC confirming KSRE's winning bid for the Site.

The consideration for the acquisition of the Site exceeds 5% but is less than 25% of the total assets of the Group. Accordingly, the acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Company will send a circular setting out further details of the acquisition to its shareholders within 21 days after publication of this announcement.

INTRODUCTION

The Board wishes to announce that on 28 June 2007, KSRE, a wholly-owned subsidiary of the Company, won a bid at an open bidding to acquire the Site which is situated at Shenhe District, Shenyang, the PRC at the consideration of RMB2,765 million (equivalent to approximately HK\$2,836 million). Accordingly, on 28 June 2007, KSRE entered into the Confirmation Agreement with SLRTC confirming KSRE's winning bid for the Site.

CONFIRMATION AGREEMENT

Details of the Confirmation Agreement are set out below:

Date: 28 June 2007

Vendor: SLRTC

Purchaser: KSRE

Site: The Site is situated at the east side of Qingnian Street, Shenhe District, Shenyang, the PRC. The developable site area is approximately 172,800

sq.m., of which 30% is designated for residential use and 70% for commercial use. The plot ratio of the Site shall not exceed 12. The terms for the grant of the land use right of the Site are 40 years for the commercial portion, and 50 years for the residential portion.

Demolition: Shenhe Government shall be responsible for the demolition of the existing buildings on the Site, and the relocation of and compensation to the existing occupants. Shenhe Government shall deliver vacant possession of the levelled land to KSRE in two phases, the first phase within 12 months and the second phase within 31 months.

Consideration: The cash consideration for the acquisition of the Site is RMB2,765 million (equivalent to approximately HK\$2,836 million).

An initial payment of RMB500 million (equivalent to approximately HK\$513 million) was paid upon winning of the bid and 30% of the consideration (including the initial payment) shall be payable within 10 days thereafter. The balance of the consideration shall be payable by four installments, each of which being payable within 10 days after the specified milestones of the relocation and demolition work is attained. It is currently expected that the balance of the consideration shall be payable within 31 months.

Land Contract: The land contract for the Site will be signed as soon as practicable after signing of the Confirmation Agreement.

REASONS FOR THE ACQUISITION

The acquisition provides an opportunity for the Group to increase the land bank for development. The Directors believe that it is in the best interests of the Company and its shareholders as a whole to acquire the Site.

Shenyang is the capital city of Liaoning Province, the PRC. It is the centre of economy, culture, transportation and trade in Northeast China. The economy of the city witnessed strong and rapid growth in recent years, thanks to Central Government's "Revitalize Northeast China" policy. Gross domestic products of Shenyang grew at an annual average rate of over 14% during the period from 2001 to 2006. With the sustained and solid economic growth as backing, demand for high-end apartment, upscale office, shopping mall and five-star hotel is expected to rise increasingly in Shenyang.

The Site is located in the central business district of Shenyang opposite to Qingnian Park (青年公園), a famous natural park in the city. It is also adjacent to the busiest streets in the city, namely (a) Qingnian Street (青年大街) which runs from south to north; and (b) Wen Hua Road (文化路) which runs from east to west. Qingnian Street, also reputed as the "Golden Corridor (金廊)", is identified by the Shenyang Government as a new focus of development and set to be transformed into a bustling center of business and retail activities.

The Site occupies approximately 172,800 sq.m. and will be developed as a mixed-use property development comprising, inter alia, upscale shopping mall, office, hotel, exhibition centre, serviced apartment and luxury residential units. The development is planned to be linked to a new metro station, which will be the interchange of Shenyang Metro Line Two and Line Five.

The Company may invite other investor(s) to participate in the development project for the Site. Where the Company invites other investor(s) to participate in the development project for the Site, the Company will ensure compliance with all the applicable rules under the Listing Rules.

The consideration for the acquisition of the Site has been arrived at following a successful bid by KSRE at an open bidding after taking into account the location and potential value of the Site. It is currently expected that the consideration will be funded from the Group's internal resources and/or external bank borrowings. The funding requirement is not expected to have any material impact on the Group.

IMPLICATIONS UNDER THE LISTING RULES

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

The consideration for the acquisition of the Site exceeds 5% but is less than 25% of the total assets of the Group. Accordingly, the acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Company will send a circular setting out further details of the acquisition to its shareholders within 21 days after publication of this announcement.

GENERAL

KSRE is a wholly-owned subsidiary of the Company. The Group is principally engaged in (1) property development, investment and management in Hong Kong, the PRC and the Asia Pacific region; (2) logistics, freight and warehouse ownership and operations; (3) infrastructure-related investments in Hong Kong and the PRC; and (4) hotel ownership in Hong Kong, and hotel ownership and operations in the PRC.

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, Ku Moon Lun and Lau Ling Fai, Herald.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Kerry Properties Limited, an exempt company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Confirmation Agreement”	the agreement dated 28 June 2007 between KSRE and SLRTC confirming KSRE's winning bid for the Site
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“KSRE”	嘉里(瀋陽)房地產開發有限公司 Kerry (Shenyang) Real Estate Development Co., Ltd., a wholly foreign-owned enterprise established in the PRC and a wholly-owned subsidiary of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shenhe Government”	the People’s Government of Shenhe District, Shenyang, the PRC
“Site”	a plot of land situated at the east side of Qingnian Street, Shenhe District, Shenyang, the PRC with a developable site area of approximately 172,800 sq.m.
“SLRTC”	Shenyang Land Reserve Trading Centre (瀋陽市土地儲備交易中心), an agent of the People’s Government of Shenyang, the PRC under SPLRB
“SPLRB”	Shenyang Planning & Land Resources Bureau (瀋陽市規劃和國土資源局), a department of the People’s Government of Shenyang, the PRC
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 29 June 2007

In this announcement, amounts quoted in RMB have been translated into HK\$ at the reference rate of HK\$1.00 = RMB0.975 for illustration purpose only. Such translation should not be construed as a representation that the relevant amounts have been, could have been, or could be, converted at that or any other rate or at all.

** For identification purpose only*