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KERRY PROPERTIES LIMITED

嘉里建設有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 683)

PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES

AND

RESUMPTION OF TRADING

On 20 September 2007, the Vendor, the Company and the Placing Agent entered into the Agreement pursuant to which the Vendor has appointed the Placing Agent to place the Placing Shares on a fully-underwritten basis. Pursuant to the Agreement, the Placing Agent will either procure purchasers to purchase, or purchase itself, the Placing Shares. The Vendor will receive, before expenses, a placing price of HK\$59.2325 per Placing Share under the Agreement. The Placing Shares represent approximately 5.22% of the existing issued share capital of the Company and approximately 4.96% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The Vendor will subscribe for the same number of Placing Shares.

The Placing Shares will be sold to not less than six independent placees.

The Vendor is a subsidiary of KHL which is interested in an aggregate of approximately 53.49% of the Company's existing issued share capital. After the completion of the Placing and the Subscription, KHL's interest will be reduced to approximately 50.83% of the Company's enlarged issued share capital.

Trading in the Shares and the Convertible Bonds was suspended at the request of the Company with effect from 9:30 a.m. on 20 September 2007 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares and the Convertible Bonds with effect from 9:30 a.m. on 21 September 2007.

The Placing and Subscription Agreement

The Placing

Vendor:

Moslane Limited

Number of the Placing Shares:

70,000,000 Shares in the share capital of the Company to be placed by the Placing Agent on a fully underwritten basis, which represents approximately 5.22% of the Company's existing issued share capital of 1,341,429,112 Shares and approximately 4.96% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Placing Agent:

Citigroup Global Markets Asia Limited

Places:

Pursuant to the Agreement, the Placing Agent will either procure purchasers to purchase, or purchase itself, the Placing Shares. The Placing Shares will be placed by the Placing Agent to not less than six independent professional, institutional and other investors, and who and whose ultimate beneficial owners, are (i) not connected persons of the Vendor, the Company and its subsidiaries, or any of their respective associates; and (ii) not parties acting in concert with the Vendor and its associates.

Placing price:

Pursuant to the Agreement, the Vendor will receive, before expenses, a Placing Price of HK\$59.2325 per Placing Share. The Placing Price is determined after arm's length discussions between the Vendor and the Placing Agent. The Placing Price represents a discount of 5% to the closing price of HK\$62.35 per Share quoted on the Stock Exchange on 19 September 2007, and a discount of approximately 1.03% to the average closing price of the Shares for the last five trading days of HK\$59.85 per Share from 13 September 2007 to 19 September 2007 (both dates inclusive).

Independence of Placing Agent:

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s), are independent of and not connected with any of the Directors, chief executive or substantial shareholder(s) of the Company or its subsidiaries or any of their respective associates and are not connected persons of the Company.

Completion of Placing:

The Placing is expected to complete on 24 September 2007 (or such other date as the Vendor and the Placing Agent may agree).

Termination:

At any time on or before the completion of the Placing, upon the occurrence of, among other things: (i) certain force majeure events which in the opinion of the Placing Agent is or would be materially adverse to the success of the Placing; (ii) the declaration of any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange; or (iii) any breach of any of the representations, warranties and undertakings by the Vendor and/or the Company under the Agreement which the Placing Agent considers materially and adversely affect the financial position or business of the Group as a whole, or there has been a breach of, or failure to perform, any other provision of the Agreement on the part of the Vendor and/or the Company which, in the opinion of the Placing Agent, would be materially adverse to the success of the Placing, the Placing Agent may terminate the Agreement without liability to the Vendor and the Company by giving notice in writing to the Vendor and the Company.

The Subscription

Subscriber:

The Vendor

Number of the Subscription Shares:

Equivalent to the number of Placing Shares, i.e. 70,000,000 Shares, which represent approximately 5.22% of the Company's existing issued share capital and approximately 4.96% of its issued share capital as enlarged pursuant to the Subscription.

Subscription price:

The Company will receive the equivalent of the Placing Price less the costs and expenses of the Placing in respect of each Subscription Share.

Mandate to allot and issue new Shares:

The Subscription Shares will be allotted and issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 3 May 2007.

Ranking:

The Subscription Shares will rank pari passu in all respects with all other Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription, including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment (except in the case of the interim dividend in respect of the six months ended 30 June 2007 in respect of which the interim dividend will only be payable if the Subscription Shares are issued and entered in the register of members of the Company on or before the Company's record date with respect to such interim dividend).

Conditions of the Subscription:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares;

- (ii) completion of the Placing having occurred pursuant to the terms of the Agreement; and
- (iii) the Bermuda Monetary Authority approving or agreeing to the allotment and issue of the Subscription Shares (if necessary).

The conditions must be satisfied and the completion of the Subscription must take place within 14 days from the date of the Agreement (i.e., on or before 4 October 2007) or such other date as the Vendor and the Company may agree. If the conditions are not fulfilled within the time specified above, the Subscription will lapse.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares as soon as possible.

Lock-up undertaking

Pursuant to the Agreement, the Vendor has undertaken to the Placing Agent that (except for the sale of the Placing Shares pursuant to the Agreement) for a period of 90 days from the completion of the Placing, it will not and will procure that none of its nominees and companies controlled by it (whether individually or together and whether directly or indirectly) will (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares) or any interests therein beneficially owned or held by the Vendor or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests therein or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of the Placing Agent.

Pursuant to the Agreement, the Company has also undertaken to the Placing Agent that for a period of 90 days from the completion of the Placing, the Company will not, except for the Subscription Shares and save pursuant to (a) the granting of options under any employee share option scheme of the Company or the issue of Shares upon any exercise of such employee options or (b) any outstanding subscription warrants or (c) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its articles of association or (d) Shares arising from conversion of outstanding convertible bonds or notes of the Company, or convertible bonds or notes guaranteed by the Company, (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of the Placing Agent.

Effect of the Placing and the Subscription

Effects on the shareholding structure of the Company pursuant to the Placing and the Subscription are as follows:

	Existing Shareholding Structure		Immediately after the Placing but before completion of the Subscription (2)		Immediately after completion of the Placing and the Subscription (2)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
(i) Vendor	88,085,647	6.57	18,085,647	1.35	88,085,647	6.24
(ii) KHL (excluding the Vendor) (1)	629,396,546	46.92	629,396,546	46.92	629,396,546	44.59
(iii) Other Kuok Group Companies (excluding the interest of the Vendor and KHL as disclosed above)	99,502,943	7.42	99,502,943	7.42	99,502,943	7.05
<i>Sub-total for (i), (ii) and (iii)</i>	<i>816,985,136</i>	<i>60.91</i>	<i>746,985,136</i>	<i>55.69</i>	<i>816,985,136</i>	<i>57.88</i>
Directors of the Company (1)	5,220,255	0.39	5,220,255	0.39	5,220,255	0.37
Public	519,223,721	38.70	589,223,721	43.92	589,223,721	41.75
Total	1,341,429,112	100	1,341,429,112	100	1,411,429,112	100

Notes:

(1) On the basis of disclosure made pursuant to the Securities and Futures Ordinance.

(2) Assuming that the existing Shareholders will not participate in the Placing.

Reasons for the Placing and the Subscription and use of proceeds

The net proceeds to the Company from the Subscription will amount to approximately HK\$4,080 million, representing approximately HK\$58.28 per Subscription Share.

The Directors consider the terms of the Placing and the Subscription are fair and reasonable and that the Placing and Subscription was an ideal opportunity for raising by the Company additional capital in that it would enhance the capital base of the Company and increase the shareholders' base and marketability of the Shares.

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 in Hong Kong, and hotel ownership and operations in the PRC.

The Company currently intends to apply the net proceeds from the Subscription to finance future property business development in China.

The following table summarises the fund raising activity of the Group for the 12 months immediately before the date of this announcement:

Date of announcement	Event	Net proceeds and intended use thereof	Actual use of proceeds
23 January 2007	Gainlead International Limited, a wholly-owned subsidiary of the Company, issued convertible bonds in the aggregate amount of HK\$2,350,000,000. The convertible bonds are zero-coupon-based, have a maturity term of five years until 22 February 2012 and are convertible into the Share at a conversion price of HK\$52.65 per Share (subject to adjustments, if any).	Approximately HK\$2,325,000,000 for general corporate purposes.	Fully utilized for general corporate purposes.

Suspension and resumption of trading

Trading in the Shares and the Convertible Bonds was suspended at the request of the Company with effect from 9:30 a.m. on 20 September 2007 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares and the Convertible Bonds with effect from 9:30 a.m. on 21 September 2007.

DEFINITIONS

"Agreement"	the placing, underwriting and subscription agreement dated 20 September 2007 between the Vendor, the Company and the Placing Agent
"Board"	the board of directors of the Company
"Company"	Kerry Properties Limited, an exempted company incorporated under the laws of Bermuda, the Shares of which are listed on the main board of the Stock Exchange
"Convertible Bonds"	HK\$2,500,000,000 Zero Coupon Guarantee Convertible Bonds listed on the Stock Exchange (stock code: 2514) issued in 2005 by Wise Insight Finance Limited, a wholly-owned subsidiary of the Company, due 2010 convertible into Shares, and HK\$2,350,000,000 Zero Coupon Guaranteed Convertible Bonds listed on the Stock Exchange (stock code: 1513) issued in 2007 by Gainlead International Limited, a wholly-owned subsidiary of the Company, due 2012 convertible into Shares
"Group"	the Company and its subsidiaries
"KHL"	Kerry Holdings Limited, a company incorporated in Hong Kong, and being a substantial shareholder of the Company
"Kuok Group Companies"	companies owned or controlled by Mr Kuok Hock Nien and/or interests associated with him, of which KHL is a member
"Listing Rules"	the Rules governing the Listing of Securities on the Stock Exchange
"Placing"	the placing of the Placing Shares by the Vendor pursuant to the Agreement
"Placing Agent"	Citigroup Global Markets Asia Limited
"Placing Price"	HK\$59.2325 per Placing Share
"Placing Shares"	70,000,000 Shares beneficially owned by the Vendor
"Shares"	ordinary shares of HK\$1.00 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the subscription of the Subscription Shares by the Vendor pursuant to the Agreement

"Subscription Shares"	70,000,000 new Shares to be subscribed by the Vendor under the Subscription
"Vendor"	Moslane Limited, a company incorporated under the laws of the British Virgin Islands

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

Hong Kong, 20 September 2007

As at the date of this announcement, the directors of the Company are Messrs. Ang Keng Lam⁺, Wong Siu Kong⁺, Ho Shut Kan⁺, Ma Wing Kai, William⁺, Chan Wai Ming, William, Qian Shaohua, Tse Kai Chi[@], William Winship Flanz[#], Ku Moon Lun[#] and Lau Ling Fai, Herald[#].

⁺ *Executive Director*

[@] *Non-executive Director*

[#] *Independent Non-executive Director*

^{*} *For identification purposes only*