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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

AMENDMENT TO THE REORGANIZATION OF PROPERTY INTERESTS IN THE PRC

EXTENSION OF TIME TO DISPATCH CIRCULAR

The Board announces that on 20 December 2007, the Framework Reorganization Agreement relating to the proposed reorganization of the Group's PRC property portfolio has been amended.

The transactions contemplated by the Framework Reorganization Agreement (as amended by the Amendment Agreement) should not be regarded as major transactions or discloseable transactions under Chapter 14 of the Listing Rules.

The Company has applied to the Stock Exchange for an extension of time to dispatch the Circular until 31 January 2008.

AMENDMENT TO THE REORGANIZATION

Reference is made to the announcement of the Company dated 6 December 2007 (the "**First Announcement**") in relation to the proposed reorganization of the Group's PRC property portfolio through the disposal of certain equity interests in the portfolio to Kerry Holdings Limited ("**KHL**") and Allgreen Properties Limited ("**AG**"). Pursuant to the reorganization, KHL, AG and the Company entered into a framework reorganization agreement (the "**Framework Reorganization Agreement**") on 6 December 2007.

Unless otherwise defined or the context requires otherwise, capitalized terms used herein shall have the same meanings as defined in the First Announcement.

After the execution of the Framework Reorganization Agreement, the Company became aware that market responses to the Reorganization have not been positive.

The Directors (excluding the independent non-executive directors) remain of the opinion that the Reorganization is in the interest of the Company and its shareholders as a whole for the reasons set out in the First Announcement. The independent non-executive directors will reach their conclusion only after having reviewed the letter of advice from the independent financial adviser ("**IFA**") to the independent board committee in relation to the Framework Reorganization Agreement.

Having discussed with the independent non-executive directors, the Directors (excluding the independent non-executive directors) have decided to renegotiate the Reorganization with KHL and AG.

On 20 December 2007, KHL, AG and the Company entered into an amendment agreement (the "**Amendment Agreement**") pursuant to which the original Reorganization will be amended as follows:-

- All Parties have agreed to exclude (a) PRC Company 1 (which holds Hangzhou Site I); and (b) PRC Company 2 (which holds Hangzhou Site II) from the Reorganization.
- The interests in the remaining PRC Companies (the "**Remaining PRC Companies**") holding the relevant PRC Properties (the "**Remaining PRC Properties**") will be transacted by reference to the Independent Valuation as at 31 October 2007 without any discount (instead of the Agreed Property Value which used to be at the discount of 4% to the Independent Valuation on a portfolio basis). The Independent Valuation for the entire portfolio of the Remaining PRC Properties is RMB5,649,375,000 (HK\$5,946,710,526).
- The considerations payable by KHL and AG (excluding further capital contributions to be made by the Company to the Remaining PRC Companies before the date of Completion to fund the Outstanding Land Cost and/or the on-going development of the Remaining PRC Properties) are estimated to be reduced from HK\$842,541,729 and HK\$1,016,252,640 respectively to HK\$555,722,398 and HK\$672,832,745 respectively.
- Within seven working days after the signing of the Amendment Agreement, KHL and AG shall pay (or procure their respective Affiliates to pay) HK\$55,572,240 and HK\$67,283,275, respectively, in cash as deposits to the Company in accordance with the Company's written payment instructions.
- The Long Stop Date for the satisfaction or waiver of the conditions precedent to the Reorganization will be changed from 31 March 2008 to 30 April 2008 (or such later date as agreed by the Parties in writing).
- The Company expects to record a profit of approximately HK\$216,000,000 (before expenses and tax) from the Reorganization.

- Assuming both the KPL Resolutions and the AG Resolutions are passed, the maximum contributions of the Company, KHL and AG to each of the Remaining PRC Companies are as follows:

	Maximum Commitment							
	KPL		KHL		AG		Total	
	(RMB million)	(HK\$ million)	(RMB million)	(HK\$ million)	(RMB million)	(HK\$ million)	(RMB million)	(HK\$ million)
PRC Company 3	759.00	798.95	276.00	290.53	345.00	363.16	1,380	1,452.64
PRC Company 4	640.75	674.47	233.00	245.26	291.25	306.58	1,165	1,226.31
PRC Company 5	1,320.00	1,389.47	660.00	694.74	220.00	231.58	2,200	2,315.79
PRC Company 6	810.00	852.63	405.00	426.32	135.00	142.11	1,350	1,421.06
PRC Company 7	9,634.80	10,141.89	1,605.80	1,690.32	4,817.40	5,070.95	16,058	16,903.16
Total	13,164.55	13,857.41	3,179.80	3,347.17	5,808.65	6,114.38	22,153	23,318.96

- The total maximum commitment of the Parties to the Remaining PRC Companies following Completion (including both existing and future commitments) is reduced to approximately RMB22,153 million (approximately HK\$23,319 million).

The Board does not consider the amendment to the Framework Reorganization Agreement will have any material effect, negative or otherwise, on the financial position of the Company.

LISTING RULES IMPLICATIONS

As disclosed in the First Announcement, both KHL and AG are connected persons of the Company. Accordingly, both the disposal of equity interests in the Remaining PRC Companies to KHL and AG by the Company and the formation of joint venture among them in respect of the Remaining PRC Companies constitute connected transactions for the Company under the Listing Rules.

Assuming both the KPL Resolutions and the AG Resolutions are passed, the total maximum contribution of the Company to the Remaining PRC Companies is expected to be approximately RMB13,165 million (approximately HK\$13,857 million). If the KPL Resolutions are passed but the AG Resolutions are not passed so that AG is deemed to have withdrawn from the Reorganization, the total maximum contribution of the Company to the Remaining PRC Companies will increase to approximately RMB18,973 million (approximately HK\$19,972 million).

Based on the total maximum contribution of the Company as described above, the transactions contemplated by the Framework Reorganization Agreement (as amended by the Amendment Agreement) constitute non-exempt connected transactions for the Company under the Listing Rules and require the approval of the Independent Shareholders.

Following Completion, all the Remaining PRC Companies will continue to be consolidated into the Group's accounts as non-wholly owned subsidiaries of the Company. As such, the contributions by the Parties to the joint ventures, which are proportional to the Parties' respective interests in the Remaining PRC Companies, should not be regarded as a "transaction" under Chapter 14 of the Listing Rules. Based on the aggregate consideration receivable by the Company from the disposal of equity interests in the Remaining PRC Companies in the amount of HK\$1,228,555,143, all applicable ratios under Chapter 14 of the Listing Rules are below 5%. As such, the transactions contemplated by the Framework Reorganization Agreement (as amended by the Amendment Agreement) should not be regarded as major transactions or discloseable transactions under Chapter 14 of the Listing Rules.

EXTENSION OF TIME TO DISPATCH CIRCULAR

As a result of the renegotiation of the terms of the Reorganization, the Company needs more time to prepare all information required by the independent valuer and the IFA in compilation of the valuation report and the letter of advice from the IFA, both of which will be included in the circular relating to the Reorganization (the "**Circular**"). The Company has applied to the Stock Exchange for an extension of time to dispatch the Circular until 31 January 2008.

GENERAL

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, William Winship Flanz[#], Ku Moon Lun[#], Lau Ling Fai, Herald[#] and Tse Kai Chi[@].

⁺ *Executive Director*

[@] *Non-executive Director*

[#] *Independent non-executive Director*

Amounts denominated in RMB in this announcement have been converted into HK\$ at the rate of RMB0.95 = HK\$1 for illustration purposes.

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

Hong Kong, 20 December 2007

** For identification purposes only*