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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)

CONNECTED TRANSACTION

On 23 April 2008, the Company entered into the Agreement with COFCO HK, Crosslight and Kerry China pursuant to which the Company conditionally agreed to acquire, through Kerry China, the Sale Shares and the Shareholders' Loan from COFCO HK through Crosslight, at an aggregate consideration of RMB383,887,000 (equivalent to approximately HK\$427,967,670). The Consideration shall be satisfied by (i) Kerry China transferring the Consideration Shares and assigning the NLL Shareholder's Loan to COFCO HK; and (ii) the Company paying an amount of RMB57,637,000 (equivalent to approximately HK\$64,255,295) to COFCO HK.

Kerry China is a direct wholly-owned subsidiary of the Company and Crosslight is a direct wholly-owned subsidiary of COFCO HK. Upon Completion, the Company will, through Kerry China, own 75% of the issued share capital of HKSD and COFCO HK will acquire the entire issued share capital of NLL. Through NLL and its other wholly-owned subsidiaries, COFCO HK will be interested in the entire issued share capital of Top Spring and COFCO CN will in turn own the entire equity interest in Beijing COFCO.

Crosslight is a substantial shareholder of HKSD and HKSD is an indirect 65% owned subsidiary of the Company. COFCO HK is the holding company, and is hence an associate, of Crosslight. Crosslight and COFCO HK are therefore connected persons of the Company. Accordingly, the Transaction constitutes a connected transaction for the Company under the Listing Rules. As each of the applicable percentage ratios is more than 0.1% but less than 2.5%, the Transaction is only subject to reporting and announcement requirements and is exempt from the independent shareholders' approval requirement pursuant to Rule 14A.32 of the Listing Rules. Details of the Transaction will be included in the next published annual report and accounts of the Company in accordance with Rule 14A.45 of the Listing Rules.

1. THE AGREEMENT

1.1 Date

23 April 2008.

1.2 Parties

- (i) The Company;
- (ii) Kerry China;
- (iii) COFCO HK; and
- (iv) Crosslight.

1.3 Assets to be acquired

- (i) the Sale Shares, representing 10% of the issued share capital of HKSD; and
- (ii) the Shareholders' Loan of US\$20,078,900 (equivalent to approximately HK\$155,611,475) and HK\$49,960,000.

1.4 Consideration

The aggregate consideration for the Sale Shares and the assignment of the Shareholders' Loan is RMB383,887,000 (equivalent to approximately HK\$427,967,670), which shall be satisfied by:-

- (i) Kerry China transferring the Consideration Shares, which is valued at RMB52,707,000 (equal to approximately HK\$58,759,197) and assigning the NLL Shareholder's Loan of HK\$282,022,523 (equivalent to approximately RMB273,543,000 based on the currency exchange rates used in the Agreement) to COFCO HK on the Completion Date (*Note*); and
- (ii) the Company paying an amount of RMB57,637,000 (equivalent to approximately HK\$64,255,295) to COFCO HK on the Completion Date.

Note: The non-cash consideration of approximately HK\$363,712,375 represents, after inter-company elimination in the Company's consolidated books, consideration for the carrying value (inclusive of loans of approximately HK\$6,571,697) of the Group's investment in NLL.

The Consideration was determined after arm's length negotiation between the Company and COFCO HK with reference to, amongst other things, the net asset values (excluding property) of HKSD and NLL and the market value of the respective property interests held by HKSD and NLL. The balance of the Consideration of RMB57,637,000 (equivalent to approximately HK\$64,255,295) will be funded by the internal resources of the Company.

1.5 Conditions

Completion is conditional upon the following conditions being satisfied on or before 5:00 p.m. (Hong Kong time) on 23 May 2008 or such other date and time as COFCO HK and the Company may agree in writing:-

- (i) each of COFCO HK and Crosslight having obtained all necessary approvals and consents for entering into the Agreement and performing its obligations contemplated thereunder, including without limitation, approval of its board of directors and (if required) other government and regulatory approvals;

- (ii) each of the Company and Kerry China having obtained all necessary approvals and consents for entering into the Agreement and performing its obligations thereunder, including without limitation, approval of its board of directors and (if required) other government and regulatory approvals;
- (iii) the Guarantees having been fully and duly discharged; and
- (iv) completion of legal, financial and other necessary due diligence in respect of NLL to the reasonable satisfaction of COFCO HK and Crosslight.

2. INFORMATION ON HKSD AND NLL

2.1 HKSD

HKSD is an investment holding company and an indirect non wholly-owned subsidiary of the Company holding certain property interests in Kerry Everbright City, Tianmu Road West, Zhabei District, Shanghai, PRC. Immediately prior to the execution of the Agreement, HKSD was owned as to 65%, 25% and 10% by Kerry China, CKCL and Crosslight, respectively. The original cost to Crosslight of its 10% interest in HKSD is approximately HK\$207,375,420. For the two financial years ended 31 December 2006 and 31 December 2007, the unaudited consolidated equity attributable to the shareholders of HKSD are HK\$238,950,655 and HK\$520,589,070, respectively whilst the unaudited consolidated net profits after tax of HKSD are HK\$115,216,220 and HK\$116,552,752, respectively and the unaudited consolidated profit before tax are HK\$161,021,941 and HK\$97,807,708, respectively. Upon Completion, the Company will, through Kerry China, own 75% of the issued share capital of HKSD. HKSD will continue to be a subsidiary of the Company and will be accounted for accordingly.

2.2 NLL

NLL is an investment holding company and an indirect wholly-owned subsidiary of the Company. For the two financial years ended 31 December 2006 and 31 December 2007, the unaudited consolidated net assets of NLL are HK\$240,257,652 and HK\$252,000,069, respectively whilst the unaudited consolidated profit after tax of NLL are HK\$42,570,909 and HK\$5,218,432, respectively and the unaudited consolidated profit before tax are HK\$62,570,218 and HK\$12,175,952, respectively.

The Company, through NLL, holds a 25% interest in Top Spring while COFCO HK, through its wholly-owned subsidiaries, holds the remaining 75% interest in Top Spring. COFCO CN and Top Spring are interested in 40% and 60%, respectively, of the equity interest in Beijing COFCO, whose principal asset is its 100% interest in "Beijing COFCO Plaza" situated at 8 Jianguomennei Avenue, Dongcheng District, Beijing, PRC.

The Consideration Shares represent the entire issued share capital of NLL. The unaudited consolidated gain from the disposal of NLL to the Company amounted to approximately HK\$124,000,000, which was calculated based on the carrying value of NLL, amounting to approximately HK\$259,000,000, and including the transfer of exchange and capital reserves, amounting to approximately HK\$19,000,000, to the income statement of the Group upon disposal of NLL. The carrying value represented the Groups' investment in loan and capital of NLL and the post-acquisition reserves of NLL. Upon Completion, NLL will cease to be a subsidiary of the Company and COFCO HK will acquire the entire issued share capital of NLL. Through NLL and its other wholly-owned subsidiaries, COFCO HK will be interested in the

entire issued share capital of Top Spring and COFCO CN will in turn own the entire equity interest in Beijing COFCO.

3. REASONS FOR, AND BENEFITS OF, THE TRANSACTION

The Directors are of the view that the acquisition of the Sale Shares and the Shareholders' Loan is a good opportunity for the Company to increase its effective interest in Kerry Everbright City in Shanghai, a project with further development potential, from 64.35% to 74.25%. On the other hand, the Company is able to divest itself of the minority interest in Top Spring by disposal of NLL which held 15% effective interest in Beijing COFCO Plaza. By rationalising the shareholding in the relevant companies, the Company can redirect its resources from a passive non-core investment to its core property development operations. The Consideration was determined after arm's length negotiation between the parties.

The Directors (including the Independent Non-executive Directors) consider that the Transaction is on normal commercial terms which are arrived at after arm's length negotiations between the Company and COFCO HK, and that the terms of the Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole.

4. INFORMATION ABOUT THE COMPANY, KERRY CHINA, COFCO HK AND CROSSLIGHT

The Company is an investment holding company and its subsidiaries are principally engaged in (1) property development, investment and management in Hong Kong, PRC and the Asia Pacific region; (2) logistics, freight and warehouse ownership and operations; (3) infrastructure-related investment in Hong Kong and PRC; and (4) hotel ownership in Hong Kong, and hotel ownership and operations in PRC.

Kerry China is an investment holding vehicle of the Company holding various interests in property development and property investment in PRC.

COFCO HK is incorporated in Hong Kong with limited liability. It is an investment holding company holding various interests and investment in PRC and Hong Kong, and is a direct wholly-owned subsidiary of COFCO CN.

Crosslight is an investment holding company and a direct wholly-owned subsidiary of COFCO HK. As at the date of this announcement, Crosslight holds a 10% interest in HKSD, being the Sale Shares.

5. GENERAL

Crosslight is a substantial shareholder of HKSD and HKSD is an indirect 65% owned subsidiary of the Company. COFCO HK is the holding company, and is hence an associate, of Crosslight. Crosslight and COFCO HK are therefore connected persons of the Company. Accordingly, the Transaction constitutes a connected transaction for the Company under the Listing Rules. As each of the applicable percentage ratios is more than 0.1% but less than 2.5%, the Transaction is only subject to reporting and announcement requirements and is exempt from the independent shareholders' approval requirement pursuant to Rule 14A.32 of the Listing Rules. Details of the Transaction will be included in the next published annual report and accounts of the Company in accordance with Rule 14A.45 of the Listing Rules.

6. DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the otherwise specified:-

"Agreement"	the agreement entered into between the Company, COFCO HK, Crosslight and Kerry China dated 23 April 2008 in respect of the sale and purchase of the Sale Shares and the assignment of the Shareholders' Loan;
"Beijing COFCO"	北京中糧廣場發展有限公司 (Beijing COFCO Plaza Development Co., Ltd.), a company incorporated in PRC and a direct 60% owned subsidiary of Top Spring;
"Business Day"	a day (other than Saturday) on which banks in Hong Kong are open for business;
"CKCL"	Cheung Kong (China Property Development) Limited, a company incorporated in the British Virgin Islands with limited liability;
"COFCO CN"	中糧集團有限公司 (COFCO Limited), a state-owned enterprise in PRC holding a direct 40% interest in Beijing COFCO;
"COFCO Finance"	中糧財務有限責任公司 (COFCO Finance Corporation Limited), a company incorporated in PRC with limited liability and a wholly-owned subsidiary of COFCO CN;
"COFCO HK"	COFCO (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of COFCO CN;
"Company"	Kerry Properties Limited, an exempted company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange;
"Completion"	completion of the sale and purchase of the Sale Shares and the assignment of the Shareholders' Loan;
"Completion Date"	the date on which Completion takes place, being the third Business Day after the date when all the conditions as set out in the Agreement have been satisfied or such other date as COFCO HK and the Company may agree;
"Consideration"	the consideration for the acquisition of the Sale Shares and the Shareholders' Loan by the Company through Kerry China in an aggregate amount of RMB383,887,000 (equivalent to approximately HK\$427,967,670);

"Consideration Shares"	10,000 ordinary shares of HK\$1 each in the capital of NLL held by Kerry China and to be transferred by it to COFCO HK pursuant to the Agreement;
"Crosslight"	Crosslight International Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of COFCO HK;
"Directors"	the directors of the Company;
"Group"	the Company and its subsidiaries;
"Guarantees"	collectively (i) the guarantee dated 30 June 2006 given by the Company in favour of COFCO Finance guaranteeing the repayment of 15% of a 5-year loan facility of RMB182,800,000 (i.e. RMB27,420,000) advanced by COFCO Finance to Beijing COFCO; and (ii) the guarantee dated 30 June 2006 made by the Company in favour of COFCO Finance guaranteeing the repayment of 15% of a 3-year loan facility of RMB 261,200,000 (i.e. RMB39,180,000) advanced by COFCO Finance to Beijing COFCO;
"HKSD"	Hong Kong Shanghai Development Co Ltd, a company incorporated in Samoa with limited liability, whose issued share capital is owned as to 65%, 25% and 10% by Kerry China, CKCL and Crosslight, respectively;
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Kerry China"	Kerry Properties (China) Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company;
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange;
"NLL"	Nite Lites Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Kerry China;
"NLL Shareholder's Loan"	a loan made to NLL by Kerry China and to be assigned by Kerry China to COFCO HK pursuant to the Agreement, the principal amount of which remains outstanding immediately prior to the execution of the Agreement was HK\$282,022,523;
"PRC"	the People's Republic of China;
"RMB"	Renminbi, the lawful currency of PRC;

"Sale Shares"	800,000 ordinary shares of HK\$1 each in the share capital of HKSD (representing 10% of its issued share capital as at the date of the Agreement) to be sold by Crosslight to Kerry China pursuant to the Agreement;
"Shareholders' Loan"	loans made to HKSD by Crosslight and to be assigned by Crosslight to Kerry China pursuant to the Agreement, the principal amounts of which remain outstanding immediately prior to the execution of the Agreement were HK\$49,960,000 and US\$20,078,900 (equivalent to approximately HK\$155,611,475);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"substantial shareholders"	has the meaning ascribed to it under the Listing Rules;
"Top Spring"	Top Spring Development (Beijing) Limited, a company incorporated in Hong Kong with limited liability whose issued share capital is owned as to 25% by the Company through NLL and as to 75% by COFCO HK through its wholly-owned subsidiaries;
"Transaction"	the sale and purchase of the Sale Shares, the assignment of the Shareholders' Loan, the transfer of the Consideration Shares and the assignment of the NLL Shareholder's Loan as contemplated in and on the terms of the Agreement;
"US\$"	United States dollars, the lawful currency of the United States of America; and
"%"	per cent.

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

In this announcement, amounts quoted in RMB and US\$ have been translated into HK\$ at the reference rates of HK\$1.00 = RMB0.897 and US\$1.00 = HK\$7.75 for illustration purpose only.

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

Hong Kong, 28 April 2008

+ Executive Director

@ Non-executive Director

Independent Non-executive Director

** For identification purpose only*