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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 SOHO 38 AND BELGRAVIA

The Board announces that (i) on 29 August 2008, Magnifair (through its agent, Kerry Real Estate Agency Limited) entered into three memoranda for sale with the SOHO Purchasers pursuant to which Magnifair agreed to sell and the SOHO Purchasers agreed to purchase three property units at the development known as "SOHO 38"; and (ii) on 2 January 2009, Woody (through its agent, Kerry Real Estate Agency Limited) entered into three provisional agreements for sale and purchase with the Belgravia Purchasers pursuant to which Woody agreed to sell and the Belgravia Purchasers agreed to purchase three property units and six car-parking spaces at the development known as "Belgravia".

Connolly Limited and Ruth Kuok are associates of the Chairman. Triple Wise Holdings Limited is an associate of the President & Chief Executive Officer. All Sheen Limited and Metropoly Limited are associates of Mr. Ang Keng Lam, who is a director of the Company's subsidiary companies. The Purchasers are therefore regarded as connected persons of the Company. Accordingly, the sales of the Property Units by the Vendors to the Purchasers constitute connected transactions for the Company under the Listing Rules. As the aggregate consideration of the sales of the Property Units to each of (i) the associates of the Chairman (in the total amount of HK\$61,800,000), (ii) the associate of the President & Chief Executive Officer (in the total amount of HK\$36,147,500); and (iii) the associates of Mr. Ang Keng Lam (in the total amount of HK\$44,818,000) 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 to each of the associates of the Chairman, the associate of the President & Chief Executive Officer and the associates of Mr. Ang Keng Lam are only subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement 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:

- (i) on 29 August 2008, Magnifair (through its agent, Kerry Real Estate Agency Limited) entered into three memoranda for sale with the SOHO Purchasers pursuant to which

Magnifair agreed to sell and the SOHO Purchasers agreed to purchase three property units at the development known as "SOHO 38"; and

- (ii) on 2 January 2009, Woody (through its agent, Kerry Real Estate Agency Limited) entered into three provisional agreements for sale and purchase with the Belgravia Purchasers pursuant to which Woody agreed to sell and the Belgravia Purchasers agreed to purchase three property units and six car-parking spaces at the development known as "Belgravia".

(I) MEMORANDA FOR SALE DATED 29 AUGUST 2008

1. Vendor: Magnifair Company Limited

2. SOHO Purchasers:

- (a) SOHO Unit 28A: Ruth Kuok
- (b) SOHO Unit 28B: Metropoly Limited
- (c) SOHO Unit 30C: Ruth Kuok

3. Consideration:

- (a) SOHO Unit 28A: HK\$13,065,000
- (b) SOHO Unit 28B: HK\$7,825,000
- (c) SOHO Unit 30C: HK\$12,825,000

4. Payment Terms:

- (i) An initial deposit of an amount equivalent to 5% of the consideration as stated in each memorandum for sale was paid upon the signing of the memoranda for sale.
- (ii) A further deposit of an amount equivalent to 5% of the consideration as stated in each memorandum for sale was paid on or before 11 September 2008.
- (iii) The balance (i.e. 90%) of the consideration as stated in each memorandum was paid on or before 31 October 2008.

5. Date of Signing of the Formal Agreements for Sale and Purchase: 10 September 2008

6. Completion Date:

- (a) SOHO Unit 30C: 29 October 2008
- (b) SOHO Unit 28A and SOHO Unit 28B: 31 October 2008

(II) PROVISIONAL AGREEMENTS FOR SALE AND PURCHASE DATED 2 JANUARY 2009

1. Vendor: Woody Company Limited

2. Belgravia Purchasers:

- (a) Belgravia Unit 16A, CP UG-6 and CP UG-7: Connolly Limited
- (b) Belgravia Unit 17A, CP UG-1 and CP UG-2: Triple Wise Holdings Limited
- (c) Belgravia Unit 20A, CP LG-5 and CP LG-6: All Sheen Limited

3. Consideration:

(a)	Belgravia Unit 16A, CP UG-6 and CP UG-7:	HK\$35,910,000
(b)	Belgravia Unit 17A, CP UG-1 and CP UG-2:	HK\$36,147,500
(c)	Belgravia Unit 20A, CP LG-5 and CP LG-6:	HK\$36,993,000

4. Payment Terms:

- (i) An initial deposit of an amount equivalent to 5% of the consideration was paid upon the signing of the provisional agreements for sale and purchase.
- (ii) A further deposit of an amount equivalent to 5% of the consideration will be payable upon signing of the formal agreements for sale and purchase.
- (iii) A further deposit of an amount equivalent to 25% of the consideration will be payable on or before 18 February 2009.
- (iv) The balance (i.e. 65%) of the consideration will be payable on or before the completion dates stated in item 6 below.

5. Date of Signing of the Formal Agreements for Sale and Purchase:

On or before 12 January 2009

6. Completion Date:

(a)	Belgravia Unit 16A, CP UG-6 and CP UG-7:	On or before 4 May 2009
(b)	Belgravia Unit 17A, CP UG-1 and CP UG-2:	On or before 4 May 2009
(c)	Belgravia Unit 20A, CP LG-5 and CP LG-6:	On or before 31 July 2009

REASON FOR AND BENEFIT OF THE SALES OF THE PROPERTY UNITS

“Belgravia” and “SOHO 38” are luxury residential projects 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 Vendors 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 HK\$117,278,000. It is expected that the Group will record a gain of approximately HK\$24,735,000 after deduction of marketing cost but before provision for taxation.

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

Each of the Vendors is a property development company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. Currently, the business activity of Magnifair is the development, ownership and trading of the property interests in the “SOHO 38” project while the business activity of Woody is investment in the property interests in the “Belgravia” project.

Connolly Limited is an investment holding company beneficially owned by the Chairman. Ruth Kuok is the sister of the Chairman. Connolly Limited and Ruth Kuok are therefore associates of the Chairman.

Triple Wise Holdings Limited is an investment holding company beneficially owned by the President & Chief Executive Officer. It is therefore an associate of the President & Chief Executive Officer.

All Sheen Limited and Metropoly Limited are each an investment holding company beneficially owned by the spouse of Mr. Ang Keng Lam, who is a director of the Company’s subsidiary companies. Therefore, All Sheen Limited and Metropoly Limited are associates of Mr. Ang Keng Lam.

IMPLICATIONS UNDER THE LISTING RULES

The Purchasers are regarded as connected persons of the Company. Accordingly, the sales of the Property Units by the Vendors to the Purchasers constitute connected transactions for the Company under the Listing Rules. As the aggregate consideration of the sales of the Property Units to each of:-

- (i) the associates of the Chairman (in the total amount of HK\$61,800,000);
- (ii) the associate of the President & Chief Executive Officer (in the total amount of HK\$36,147,500); and
- (iii) the associates of Mr. Ang Keng Lam (in the total amount of HK\$44,818,000)

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 to each of the associates of the Chairman, the associate of the President & Chief Executive Officer and the associates of Mr. Ang Keng Lam are only subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement 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 Directors of the Company are Messrs. Kuok Khoon Chen⁺, Wong Siu Kong⁺, Ho Shut Kan⁺, Ma Wing Kai, William⁺, So Hing Woh, Victor, MBE, JP⁺, Chan Wai Ming, William, Qian Shaohua, Ku Moon Lun[#], Lau Ling Fai, Herald[#], Ms. Wong Yu Pok, Marina, JP[#] and Mr. Tse Kai Chi[@].

⁺ *Executive director*

[#] *Independent non-executive director*

[@] *Non-executive director*

DEFINITIONS

"associates"	has the meaning ascribed to it in the Listing Rules;
"Belgravia"	a luxury residential property development situated at 57 South Bay Road, Repulse Bay, Hong Kong;
"Belgravia Purchasers"	Connolly Limited, Triple Wise Holdings Limited and All Sheen Limited, all are companies incorporated in Hong Kong;
"Belgravia Unit 16A, CP UG-6 and CP UG-7"	Unit 16A of "Belgravia" with a gross floor area of 2,390 square feet together with Car-parking Spaces Nos. UG-6 and UG-7;
"Belgravia Unit 17A, CP UG-1 and CP UG-2"	Unit 17A of "Belgravia" with a gross floor area of 2,390 square feet together with Car-parking Spaces Nos. UG-1 and UG-2;
"Belgravia Unit 20A, CP LG-5 and CP LG-6"	Unit 20A of "Belgravia" with a gross floor area of 2,390 square feet together with Car-parking Spaces Nos. LG-5 and LG-6;
"Board"	the board of Directors;
"Chairman"	Mr. Kuok Khoon Chen, the chairman of the Company;
"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;
"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;
"Listing Rules"	The Rules Governing the Listing of Securities on HKSE;
"Magnifair"	Magnifair Company Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company;
"PRC"	The People's Republic of China;
"President & Chief Executive Officer"	Mr. Wong Siu Kong, the president and chief executive officer of the Company;
"Property Units"	Belgravia Unit 16A, CP UG-6 and CP UG-7; Belgravia Unit 17A, CP UG-1 and CP UG-2; Belgravia Unit 20A, CP LG-5 and CP LG-6; SOHO Unit 28A, SOHO Unit 28B and SOHO Unit 30C;
"Purchasers"	Belgravia Purchasers and SOHO Purchasers;

"SOHO 38"	a luxury residential property development situated at 38 Shelley Street, Mid-Levels, Hong Kong;
"SOHO Purchasers"	Metropoly Limited (a company incorporated in Hong Kong) and Ruth Kuok;
"SOHO Unit 28A"	Unit 28A of "SOHO 38" with a gross floor area of 708 square feet;
"SOHO Unit 28B"	Unit 28B of "SOHO 38" with a gross floor area of 400 square feet;
"SOHO Unit 30C"	Unit 30C of "SOHO 38" with a gross floor area of 690 square feet;
"Woody"	Woody Company Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company;
"Vendors"	Magnifair and Woody; and
"%"	per cent.

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

Hong Kong, 6 January 2009

* *For identification purpose only*