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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

On 16 November 2009, the Company through:

- (a) KFS, an indirect wholly-owned subsidiary of the Company, entered into the KLSEA Agreement with PCL pursuant to which PCL agreed to sell and KFS agreed to purchase the KLSEA Sale Shares (representing 33% of the issued share capital of KLSEA) at a consideration of S\$2,042,406 (equivalent to approximately HK\$11,379,265); and
- (b) KLNTH, an indirect wholly-owned subsidiary of the Company, entered into the KFTH Agreement with NEWSHIP pursuant to which NEWSHIP agreed to sell and KLNTH agreed to purchase the KFTH Sale Shares (representing 35% of the issued share capital of KFTH) at a consideration of THB7,544,249 (equivalent to approximately HK\$1,810,620).

Immediately prior to the signing of the Agreements, the Company held an indirect 67% interest in KLSEA and an indirect 59.86% interest in KFTH. Upon completion of the Agreements, KLSEA will become an indirect wholly-owned subsidiary of the Company, while KFTH will become an indirect 94.86%-owned subsidiary of the Company.

PCL and NEWSHIP are the Substantial Shareholders of KLSEA and KFTH, respectively, immediately prior to the signing of the Agreements. Accordingly, PCL and NEWSHIP are Connected Persons of the Company and the Transactions constitute connected transactions for the Company under the Listing Rules. As the applicable percentage ratio is more than 0.1% but less than 2.5%, the Transactions are only subject to reporting and announcement requirements and are exempt from the independent shareholders' approval requirement pursuant to Rule 14A.32 of the Listing Rules. Details of the Transactions 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 AGREEMENTS

1.1 The KLSEA Agreement

(a) Date

16 November 2009.

(b) Parties

- (i) PCL as vendor; and
- (ii) KFS as purchaser.

(c) Assets to be acquired

The KLSEA Sale Shares, representing 33% of the issued share capital of KLSEA as at the date of the KLSEA Agreement. The original investment cost of the KLSEA Sale Shares to PCL is S\$1,485,000 (equivalent to approximately HK\$8,273,678).

(d) Consideration

The consideration for the KLSEA Sale Shares is S\$2,042,406 (equivalent to approximately HK\$11,379,265), which shall be paid by KFS in cash by two equal instalments on the date of the KLSEA Agreement and on 30 November 2009, or on such other date as KFS and PCL may otherwise agree.

The consideration for the KLSEA Sale Shares was determined after arm's length negotiation between KFS and PCL, based on the net asset value of the KLSEA Sale Shares calculated based on the unaudited consolidated balance sheet of the KLSEA Group as at 30 September 2009. The consideration for the KLSEA Sale Shares will be funded by the Group's internal resources.

(e) Conditions

The KLSEA Agreement is unconditional. Completion of the KLSEA Agreement shall take place on 30 November 2009 or such other date as KFS and PCL may otherwise agree.

1.2 The KFTH Agreement

(a) Date

16 November 2009.

(b) Parties

- (i) NEWSHIP as vendor; and
- (ii) KLNTN as purchaser.

(c) Assets to be acquired

The KFTH Sale Shares, representing 35% of the issued share capital of KFTH as at the date of the KFTH Agreement. The original investment cost of the KFTH Sale Shares to NEWSHIP is THB4,025,000 (equivalent to approximately HK\$966,000).

(d) Consideration

The consideration for the KFTH Sale Shares is THB7,544,249 (equivalent to approximately HK\$1,810,620), which shall be paid by KLNTH in cash by two equal instalments on the date of the KFTH Agreement and on 30 November 2009, or such other date as KLNTH and NEWSHIP may otherwise agree.

The consideration for the KFTH Sale Shares was determined after arm's length negotiation between the KLNTH and NEWSHIP, based on the net asset value of the KFTH Sale Shares calculated based on the unaudited balance sheet of KFTH as at 30 September 2009. The consideration for the KFTH Sale Shares will be funded by the Group's internal resources.

(e) Conditions

The KFTH Agreement is unconditional. Completion of the KFTH Agreement shall take place on 30 November 2009 or such other date as KLNTH and NEWSHIP may otherwise agree.

2. INFORMATION ON KLSEA AND KFTH

2.1 KLSEA

The KLSEA Group is principally engaged in international freight forwarding and integrated logistics business. Immediately prior to the signing of the KLSEA Agreement, KLSEA was owned as to 67% and 33% by KFSEA and PCL respectively. The audited consolidated net profits of KLSEA (both before and after taxation and extraordinary items) attributable to the KLSEA Sale Shares for the two financial years ended 31 December 2007 and 31 December 2008 are set out below:

	For the financial year ended on	
	31 December 2007	31 December 2008
Audited consolidated net profits (before taxation and extraordinary items) attributable to the KLSEA Sale Shares	approximately S\$220,440 (equivalent to approximately HK\$1,228,181)	approximately S\$238,920 (equivalent to approximately HK\$1,331,143)
Audited consolidated net profits (after taxation and extraordinary items) attributable to the KLSEA Sale Shares	approximately S\$153,120 (equivalent to approximately HK\$853,108)	approximately S\$147,840 (equivalent to approximately HK\$823,691)

Based on the consolidated net asset value of the KLSEA Group of approximately S\$5,672,000 (equivalent to approximately HK\$31,601,548) as shown in its audited consolidated balance sheet as at 31 December 2008, the net asset value of the KLSEA Sale Shares was approximately S\$1,871,760 (equivalent to approximately HK\$10,428,511) as at 31 December 2008. Upon completion of the KLSEA Agreement, KLSEA will become an indirect wholly-owned subsidiary of the Company.

2.2 KFTH

KFTH is principally engaged in international freight forwarding business. Immediately prior to the signing of the KFTH Agreement, KFTH was owned as to 49%, 35% and 16% by KLNTH, NEWSHIP and KSSP, respectively. The audited net profits of KFTH (both before and after taxation and extraordinary items) attributable to the KFTH Sale Shares for the two financial years ended 31 December 2007 and 31 December 2008 are set out below:

	For the financial year ended on	
	31 December 2007	31 December 2008
Audited net profits (before taxation and extraordinary items) attributable to the KFTH Sale Shares	approximately THB2,727,200 (equivalent to approximately HK\$654,528)	approximately THB2,674,700 (equivalent to approximately HK\$641,928)
Audited net profits (after taxation and extraordinary items) attributable to the KFTH Sale Shares	approximately THB1,744,400 (equivalent to approximately HK\$418,656)	approximately THB1,884,400 (equivalent to approximately HK\$452,256)

Based on the net asset value of KFTH of approximately THB29,992,000 (equivalent to approximately HK\$7,198,080) as shown in its audited balance sheet as at 31 December 2008, the net asset value of the KFTH Sale Shares was approximately THB10,497,200 (equivalent to approximately HK\$2,519,328) as at 31 December 2008. Upon completion of the KFTH Agreement, KFTH will become an indirect 94.86%-owned subsidiary of the Company.

3. REASONS FOR, AND BENEFITS OF, THE TRANSACTIONS

The Directors are of the view that the Transactions will enable the Group to consolidate its shareholdings in KLSEA and KFTH and thus further strengthen its freight forwarding and integrated logistics business. The Directors (including the Independent Non-executive Directors) consider that the Transactions are on normal commercial terms which are arrived at after arm's length negotiations between the respective parties of the KLSEA Agreement and the KFTH Agreement, and that the terms of the Agreements are fair and reasonable and in the interests of the shareholders of the Company as a whole.

4. INFORMATION ABOUT THE COMPANY, PCL, NEWSHIP, KFS AND KLNTH

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.

PCL is a company incorporated under the laws of Singapore with limited liability. The principal business of PCL is that of investment holding and general shipping.

NEWSHIP is a company incorporated under the laws of Thailand with limited liability. The principal business of NEWSHIP is shipping agency.

KFS is incorporated in the British Virgin Islands with limited liability. It is an investment holding company and an indirect wholly-owned subsidiary of the Company.

KLNTH is incorporated in Thailand with limited liability. It is an investment holding company and an indirect wholly-owned subsidiary of the Company.

5. GENERAL

PCL and NEWSHIP are the Substantial Shareholders of KLSEA and KFTH, respectively, immediately prior to the signing of the Agreements. Accordingly, PCL and NEWSHIP are Connected Persons of the Company and the Transactions constitute connected transactions for the Company under the Listing Rules. As the applicable percentage ratio is more than 0.1% but less than 2.5%, the Transactions are only subject to reporting and announcement requirements and are exempt from the independent shareholders' approval requirement pursuant to Rule 14A.32 of the Listing Rules. Details of the Transactions 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:-

"Agreements"	collectively, the KLSEA Agreement and the KFTH Agreement;
"Company"	Kerry Properties Limited, an exempted company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange;
"Connected Person(s)"	has the meaning ascribed to it under Chapter 14A of the Listing Rules;
"Directors"	the 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 PRC;
"KFS"	Kerry Freight Services Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company;

"KFSEA "	Kerry Freight Services (South East Asia) Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company;
"KFTH"	Kerry Freight (Thailand) Limited, a company incorporated under the laws of Thailand with limited liability and an indirect 59.86%-owned subsidiary of the Company immediately before the signing of the KFTH Agreement;
"KFTH Agreement"	the agreement entered into between KLNTH and NEWSHIP dated 16 November 2009 in respect of the sale and purchase of the KFTH Sale Shares;
"KFTH Sale Shares"	16,100 Class B shares of THB100 each and 24,150 Class C shares of THB100 each in the share capital of KFTH (representing in aggregate 35% of the issued share capital of KFTH as at the date of the KFTH Agreement) to be sold by NEWSHIP to KLNTH pursuant to the KFTH Agreement;
"KLNTH"	KLN (Thailand) Limited, a company incorporated under the laws of Thailand with limited liability and an indirect wholly-owned subsidiary of the Company;
"KLSEA "	Kerry Logistics (South East Asia) Pte. Ltd., a company incorporated under the laws of Singapore with limited liability and an indirect 67%-owned subsidiary of the Company immediately before the signing of the KLSEA Agreement;
"KLSEA Agreement"	the agreement entered into between KFS and PCL dated 16 November 2009 in respect of the sale and purchase of the KLSEA Sale Shares;
"KLSEA Group"	KLSEA and its subsidiaries;
"KLSEA Sale Shares"	1,485,000 ordinary shares in the share capital of KLSEA (representing 33% of the issued share capital of KLSEA as at the date of the KLSEA Agreement) to be sold by PCL to KFS pursuant to the KLSEA Agreement;
"KSSP"	Kerry Siam Seaport Limited, a company incorporated under the laws of Thailand with limited liability and an indirect 67.88%-owned subsidiary of the Company;
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange;
"NEWSHIP"	Newship Agencies (Thailand) Co., Ltd., a company incorporated under the laws of Thailand with limited liability;

"PCL"	Pacific Carriers Limited, a company incorporated under the laws of Singapore with limited liability;
"PRC"	the People's Republic of China;
"S\$"	Singapore dollars, the lawful currency of Singapore;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules;
"THB"	Baht, the lawful currency of Thailand;
"Transactions"	the sale and purchase of the KLSEA Sale Shares and the KFTH Sale Shares as contemplated in and on the terms of the KLSEA Agreement and the KFTH Agreement, respectively; and
"%"	per cent.

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, MBE, JP⁺, Qian Shaohua⁺, Chan Wai Ming, William, Ku Moon Lun[#], Lau Ling Fai, Herald[#], Ms. Wong Yu Pok, Marina, JP[#] and Mr. Tse Kai Chi[@].

In this announcement, amounts quoted in S\$ and THB have been translated into HK\$ at the reference rates of S\$1.00 = HK\$5.5715 and THB1.00 = HK\$0.24 for illustration purpose only.

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

Hong Kong, 17 November 2009

⁺ *Executive Director*

[#] *Independent Non-executive Director*

[@] *Non-executive Director*

^{*} *For identification purpose only*