THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Kerry Properties Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

嘉里建設有限公司*

website: www.kerryprops.com

(Stock Code: 00683)

DISCLOSEABLE TRANSACTION RELATING TO PERIODIC ADVANCES TO CHEERJOY

A letter from the Board is set out on pages 4 to 8 of this circular.

* *for identification purposes only*

7 December 2005

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In this circular, the following expressions have the following meanings unless the context requires otherwise:

"Allgreen"	Allgreen Properties Limited, a company incorporated in Singapore with limited liability, the shares of which are listed on the Singapore Exchange Securities Trading Limited
"Associated Corporations"	has the meaning ascribed to it in Part XV of the SFO
"Board"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"Cheerjoy"	Cheerjoy Development Limited, a limited liability company incorporated in Hong Kong in which the Company has an indirect 35% interest
"circular"	this circular, including the appendix hereto
"Company"	Kerry Properties Limited, an exempted company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange
"connected persons"	has the meaning ascribed to it in the Listing Rules
"Directors"	the directors of the Company
"Excluded Businesses"	the businesses of the Directors which, as at the Latest Practicable Date, competed or were likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses in which (a) the Group was interested and (b) the Directors' only interests were as directors appointed to represent the interests of the Group
"Group"	the Company and its subsidiaries
"HIBOR"	the Hong Kong Inter-Bank Offered Rates
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC

"Infinite Gain"	Infinite Gain Investments Limited, an indirect wholly-owned subsidiary of Paliburg
"Kerry EAS Logistics"	嘉里大通物流有限公司 Kerry EAS Logistics Limited, a sino-foreign joint venture company established in the PRC and owned as to 70% by the Company indirectly
"Latest Practicable Date"	25 November 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan"	an advance of approximately HK$1,761 million by the Company to Cheerjoy, as more particularly set out in the paragraph headed "Details of the Loan" of this circular
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 to the Listing Rules
"Paliburg"	Paliburg Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange
"Periodic Advances"	the aggregate amount of (a) the Loan and (b) the advances in aggregate made by the Company to Cheerjoy under the Shareholders' Agreement in relation to the Project within the 12-month period immediately before 3 November 2005, which amounts to approximately HK$1,964 million
"Point Perfect"	Point Perfect Investments Limited, a company incorporated in BVI with limited liability which is owned as to 70% by Twin Luck and as to 30% by Infinite Gain and holds the entire interest in Cheerjoy
"PRC"	the People's Republic of China
"Project"	the development and construction of the Ap Lei Chau Inland Lot No. 129 held by Cheerjoy into a high-end residential property

"SA"	Shangri-La Asia Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are primarily listed on the Main Board of the Stock Exchange with secondary listing on the Singapore Exchange Securities Trading Limited
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$1.00 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Shareholders' Agreement"	the shareholders' agreement entered into by, *inter alia*, the Company and SHK in connection with the Project as disclosed in the announcement of the Company dated 16 August 1999
"SHK"	Sun Hung Kai Properties Limited, a limited liability company incorporated in Hong Kong whose shares are listed on the Main Board of the Stock Exchange
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	has the meaning ascribed to it in section 2(4) of the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong)
"Twin Luck"	Twin Luck Worldwide Ltd., an investment holding company incorporated under the laws of BVI with limited liability in which the Company and SHK each holds a 50% interest
"%"	per cent.

KERRY PROPERTIES LIMITED

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(Stock Code: 00683)

Executive Directors:
Mr. ANG Keng Lam *(Chairman)*
Mr. WONG Siu Kong
(Deputy Chairman and Managing Director)
Mr. HO Shut Kan
Mr. MA Wing Kai, William

Independent Non-Executive Directors:
Mr. William Winship FLANZ
Mr. LAU Ling Fai, Herald
Mr. Christopher Roger MOSS, O.B.E.

Non-Executive Director:
Mr. TSE Kai Chi

Registered Office:
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Head Office and Principal Place of Business in Hong Kong:
13-14/F., Cityplaza 3
14 Taikoo Wan Road
Taikoo Shing
Hong Kong

* *for identification purposes only*

7 December 2005

To the Shareholders and for information only,
the optionholders of Kerry Properties Limited

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION RELATING TO PERIODIC ADVANCES TO CHEERJOY

1. INTRODUCTION

On 3 November 2005, the Company made the Loan to Cheerjoy in connection with the Project. As the relevant percentage ratios under the total assets test and the consideration test are more than 5% but less than 25%, the Periodic Advances constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is to give you (i) further details of the Loan; and (ii) other information prescribed by the Listing Rules.

2. DETAILS OF THE LOAN

2.1 Date

3 November 2005.

2.2 Lender

The Company.

2.3 Borrower

Cheerjoy.

2.4 Amount of Loan

Approximately HK$1,761 million.

2.5 Repayment date

No specified date for loan or interest repayment.

2.6 Interest

Interest will accrue daily on the amount of the Loan at rates with reference to HIBOR over the borrowing period and will be compounded on a quarterly basis.

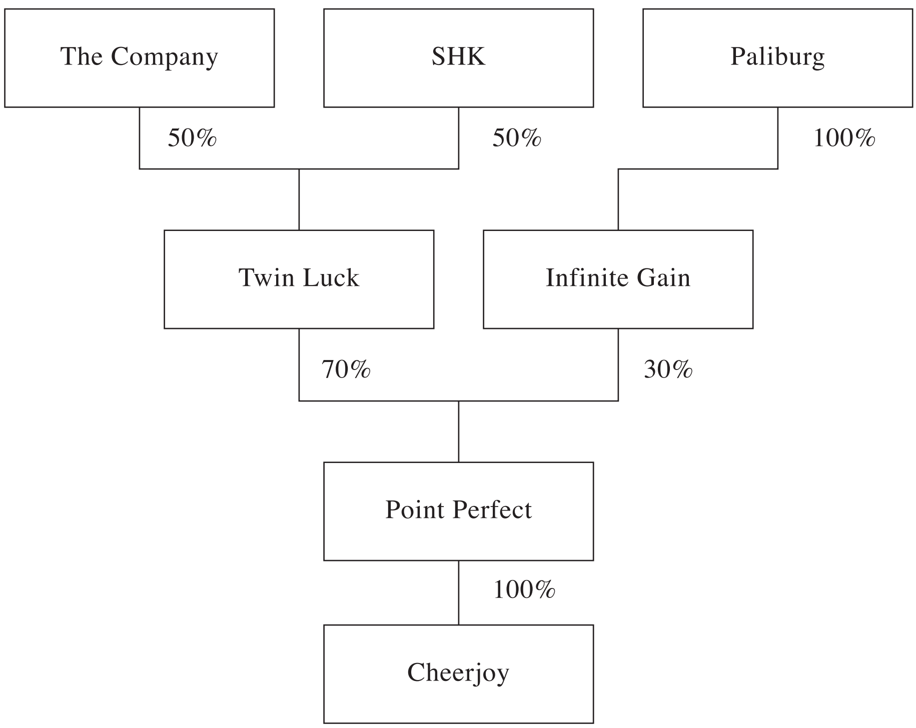
2.7 Security

Nil.

3. INFORMATION ON CHEERJOY AND THE COMPANY

3.1 Information on Cheerjoy

Cheerjoy is a limited liability company incorporated in Hong Kong and is principally engaged in the business of property development. The shareholding structure of Cheerjoy is as follows:



Point Perfect is a company incorporated in BVI which is owned as to 70% by Twin Luck and as to 30% by Infinite Gain and holds the entire interest in Cheerjoy. Twin Luck is an investment holding company incorporated under the laws of BVI with limited liability in which the Company and SHK each holds a 50% interest. SHK holds a 10% interest in an 80% indirectly owned subsidiary of the Company, and is thus a connected person of the Company at the subsidiaries' level. Infinite Gain is an indirect wholly-owned subsidiary of Paliburg whose shares are listed on the Main Board of the Stock Exchange. Save as disclosed herein and to the best knowledge of the Directors, SHK and Paliburg and their respective controlling shareholders are independent of the Company and its connected persons (as defined in the Listing Rules).

3.2 Information on the Company

The Group is principally engaged in (1) property development and investment in Hong Kong, the PRC and the Asia Pacific region; (2) logistics, freight, warehouse ownership and operations; (3) infrastructure-related investment in Hong Kong and the PRC; and (4) hotel ownership in the PRC.

4. REASONS FOR, AND BENEFITS OF, THE PROVISION OF THE LOAN

Cheerjoy is an indirect 70% owned subsidiary of Twin Luck, a jointly controlled joint venture company established by the Company and SHK in connection with the development and construction of Ap Lei Chau Inland Lot No. 129 held by Cheerjoy into a high-end residential property for sale, subject to market conditions. Pursuant to the Shareholders' Agreement entered into by, *inter alia*, the Company and SHK in connection with the Project as disclosed in the announcement of the Company dated 16 August 1999, the Company and SHK shall severally procure in equal shares and on the same terms the provision of loans and advances to Cheerjoy with a view to meeting the financing requirements of Cheerjoy from time to time in connection with the Project, while the 30% shareholder of Cheerjoy is not required to provide funding to Cheerjoy. The Shareholders' Agreement does not provide a cap on the total amount of advances to be made to Cheerjoy. It is expected that the Project will be completed by the end of 2008.

The Loan has been used by Cheerjoy towards the payment of the land cost in connection with the Project. The Directors believe that it is in the best interests of the Company and its shareholders as a whole to provide the Loan to Cheerjoy on the terms set out herein.

5. FINANCIAL EFFECTS OF THE LOAN ON THE GROUP

The Loan was funded from the Group's internal resources. The Periodic Advances are not expected to have any material impact on the assets, liabilities and earnings of the Group.

The terms of the Loan have been arrived at following an arm's length negotiation between the Company, SHK and Cheerjoy. The Loan represents approximately 4.6% of the total assets value of the Group of approximately HK$38,377 million as at 30 June 2005 (being the last accounts reporting date of the Group for which the Group's consolidated accounts were published). As at 3 November 2005 (being the date of advance of the Loan), the total market capitalization of the Company was approximately HK$23,996 million, based on the total number of 1,215,610,613 shares of the Company in issue as at 3 November 2005 and the average closing price of HK$19.74 per share of the Company for the five trading days immediately preceding 3 November 2005. The Loan therefore represents approximately 7.3% of the total market capitalization of the Company as at 3 November 2005.

6. IMPLICATIONS UNDER THE LISTING RULES

Pursuant to the Shareholders' Agreement, the Company has made the Periodic Advances of approximately HK$1,964 million to Cheerjoy within a 12-month period immediately before 3 November 2005. As at 30 June 2005, the total assets value of the Company was approximately HK$38,377 million. The Periodic Advances represented approximately 5.1% of the total assets value of the Company as at 30 June 2005 and approximately 8.2% of the total market capitalization of the Company of HK$23,996 million (calculated in accordance with the basis as referred to in the paragraph headed "Financial effects of the Loan on the Group" above). As the aforementioned percentage ratios of the total assets test and the consideration test are more than 5% but less than 25%, the Periodic Advances constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Periodic Advances were funded from internal resources of the Group and are unsecured, have no specified date for loan or interest repayment and bear interest at rates with reference to HIBOR over the borrowing period.

7. GENERAL

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of
Kerry Properties Limited
Ang Keng Lam
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DIRECTORS' DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests of the Directors in the shares, underlying shares and debentures of the Company or any of its Associated Corporations which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

(i) The Company

Name of Director	Number of ordinary shares				Number of underlying ordinary shares held under equity derivatives	Total	Percentage of aggregate interests to total number of ordinary shares in issue*
	Personal interests	Family interests	Corporate interests	Other interests			%
Mr. ANG Keng Lam	2,621[1]	–	–	3,121,620[2]	6,201,877[3]	9,326,118	0.77
Mr. WONG Siu Kong	–	–	–	2,655,234[2]	3,319,794[3]	5,975,028	0.49
Mr. HO Shut Kan	–	–	–	2,655,234[2]	1,121,044[3]	3,776,278	0.31
Mr. MA Wing Kai, William	7,309[1]	–	–	–	1,532,371[3]	1,539,680	0.13
Mr. William Winship FLANZ	–	–	–	–	–	–	–
Mr. LAU Ling Fai, Herald	–	–	–	–	–	–	–
Mr. Christopher Roger MOSS, O.B.E	–	–	–	–	–	–	–
Mr. TSE Kai Chi	–	–	–	–	–	–	–

(ii) Associated Corporations

Name of Associated Corporation	Name of Director	Number of ordinary shares: Personal interests	Family interests	Corporate interests	Other interests	Number of underlying ordinary shares held under equity derivatives	Total	Percentage of aggregate interests to total number of ordinary shares in issue %
EDSA Properties Holdings Inc.	Mr. HO Shut Kan	1,570[1]	–	–	–	–	1,570[#]	0.00
Kerry Group Limited	Mr. ANG Keng Lam	–	7,050,000[4]	–	8,000,000[2]	5,566,221[5]	20,616,221	1.44[@]
	Mr. WONG Siu Kong	–	–	6,254,300[6]	–	4,638,517[5]	10,892,817	0.76[@]
	Mr. HO Shut Kan	765,000[1]	–	–	–	927,703[5]	1,692,703	0.12[@]
	Mr. MA Wing Kai, William	1,010,620[1]	–	–	–	–	1,010,620	0.07[@]
	Mr. Tse Kai Chi	400,000[1]	–	–	–	1,855,407[5]	2,255,407	0.16[@]
Kerry Siam Seaport Limited	Mr. ANG Keng Lam	1[1]	–	–	–	–	1	0.00
	Mr. MA Wing Kai, William	1[1]	–	–	–	–	1	0.00

Notes:

1. This represents interests held by the relevant director as beneficial owner.

2. This represents interests held by the relevant director through a discretionary trust of which the relevant director is a contingent beneficiary.

3. This represents interests in options held by the relevant director as a beneficial owner to subscribe for the relevant underlying ordinary shares in respect of the option shares granted by the Company under the 1997 and 2002 share option schemes.

4. This represents interests held by the relevant director and his spouse through a discretionary trust of which the relevant director and his spouse are contingent beneficiaries.

5. This represents interests in options held by the relevant director as a beneficial owner to subscribe for the relevant underlying ordinary shares in respect of the option shares granted by Kerry Group Limited.

6. This represents interests held by the relevant director through his controlled corporation(s).

* *The percentage has been adjusted based on the total number of ordinary shares of the Company in issue as at the Latest Practicable Date (i.e 1,215,910,613 ordinary shares).*

\# *The relevant notification was filed under the repealed Securities (Disclosure of Interests) Ordinance.*

@ *The percentage has been adjusted based on the total number of ordinary shares of Kerry Group Limited in issue as at the Latest Practicable Date (i.e. 1,428,527,311 ordinary shares).*

All the interests disclosed in sections (i) and (ii) above represent long positions in the shares of the Company or the Associated Corporations.

Saved as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, a service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation, other than statutory compensation.

4. COMPETING INTERESTS

As at the Latest Practicable Date, the following Directors were considered to have interests in the following Excluded Businesses:

(a) Mr. Ang Keng Lam was a director of and had interests in shares in Allgreen, the businesses of which consisted of property investment and development, project management and operation of office premises, retail space and serviced apartments in Singapore. The Directors believe that as the size of these Excluded Businesses is not insignificant when compared with the property businesses of the Group, it is likely that these Excluded Businesses may compete with the property businesses of the Group in the Asia Pacific region. Allgreen was listed on the Singapore Exchange Securities Trading Limited as at the Latest Practicable Date;

(b) Messrs. Ang Keng Lam and Wong Siu Kong were directors of and had interests in shares in the SA group of companies, the businesses of which consisted of hotel ownership and operation. The Directors believe that as the size of that part of these Excluded Businesses in Beijing, where the Group has hotel businesses, is not insignificant when compared with the hotel business of the Group in Beijing, it is likely that these Excluded Businesses may compete with the hotel business of the Group in Beijing. SA was listed on the Stock Exchange as at the Latest Practicable Date;

(c) Messrs. Ang Keng Lam and Wong Siu Kong were directors of (but did not have any interests in shares in) the China World Trade Center Ltd. group of companies, the businesses of which consisted of property investment and development and hotel ownership and operation in the PRC. The Directors believe that as the size of these Excluded Businesses is not insignificant when compared with the property and hotel businesses of the Group in the PRC, it is likely that these Excluded Businesses may compete with the property and hotel businesses of the Group in the PRC;

(d) Mr. Wong Siu Kong was a director of and had interests in shares in the Kuok (Singapore) Limited group of companies, the businesses of which consisted of owners and operators of warehouses in Singapore and Malaysia. The Directors believe that as the size of these Excluded Businesses is not insignificant when compared with the warehouse businesses of the Group in the South East Asian market, it is likely that these Excluded Businesses may compete with the warehouse businesses of the Group in the South East Asian market; and

(e) the Executive Directors of the Company were directors of and/or had interests in shares in the Kerry Group Limited group of companies, the businesses of which consisted of property investment and development, hotel ownership and operation, warehouse ownership and operation, port terminal ownership and operation and freight operations. The size of these Excluded Businesses is considered to be insignificant when compared with similar businesses of the Group. On this basis, the Directors do not consider any competition between these Excluded Businesses as specified under this paragraph and similar businesses of the Group to be significant.

The Excluded Businesses are operated and managed by companies (and in the case of Allgreen and SA, by publicly listed companies) with independent management and administration. On this basis, the Directors believe that the Group is capable of carrying on its businesses independently of the Excluded Businesses and at arm's length from the Excluded Businesses.

5. LITIGATION

Kerry EAS Logistics is involved in a legal case in which an airline operator, together with five other plaintiffs, including the insurers of the aircraft, are claiming for damages, costs and interest, against six defendants, including Kerry EAS Logistics, on a joint and several basis in relation to the alleged damages amounting to approximately US$65.6 million (equivalent to approximately HK$511.7 million, based on an exchange rate of US$1 = HK$7.80) caused to an aircraft in 2000 in respect of the transportation of certain chemical substance.

The alleged damages sought by the plaintiffs of approximately US$65.6 million represent the market value of the aircraft at the time when the damage occurred less the resale value of the aircraft after repairs. According to the pleadings and the affidavits of the five other plaintiffs, the airline operator was compensated by these plaintiffs for 15% of the total loss. The remaining 85% of the total loss was compensated by other reinsurers. These reinsurers have not brought any legal action against the six defendants as at the Latest Practicable Date.

Based on the opinion of J&J Law Firm, the legal advisers to the Group, the allegation and the said amount claimed by the plaintiffs against Kerry EAS Logistics were not substantiated and it is unlikely that Kerry EAS Logistics will be found liable for the claimed damages and losses.

Save as disclosed above, as at the Latest Practicable Date, the Company was not aware of any further development of this legal action. Pursuant to the sale and purchase agreement for the acquisition of Kerry EAS Logistics, the vendor of Kerry EAS Logistics has undertaken to indemnify the Group in full in respect of all losses, costs, expenses and other responsibilities and liabilities arising in respect of various litigations against Kerry EAS Logistics, including the one referred to above.

As at the Latest Practicable Date, save as disclosed above, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claim of material importance and, so far as the Directors were aware, no litigation or arbitration or claim of material importance was pending or threatened by or against any member of the Group.

6. EXPERT

The following is the qualification of the expert who has been named in this circular or has given opinion or advice which are contained in this circular:

Name	Qualification
J&J Law Firm	qualified PRC lawyers

J&J Law Firm has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its opinion prepared for the purpose of incorporation in this circular, and the references to its name and opinion in the form and context in which they respectively appear.

As at the Latest Practicable Date, J&J Law Firm did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any direct or indirect interests in any assets which have since 31 December 2004 (being the date to which the latest published audited accounts of the Group were made up) been acquired or disposed of by or leased to any members of the Group, or were proposed to be acquired or disposed of by or leased to any members of the Group.

7. MISCELLANEOUS

(a) The Qualified Accountant of the Company is Ms. Chang Yin Wa. Ms. Chang is a Fellow of the Hong Kong Institute of Certified Public Accountants and a Fellow of the Association of Chartered Certified Accountants.

(b) The Secretary of the Company is Ms. Chow Yin Ping, Anita. Ms. Chow is an associate member of both the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries.

(c) The Company's Hong Kong branch share registrar and transfer office is Abacus Share Registrars Limited, G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

(d) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.