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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 TRANSACTION RELATING TO THE SALE OF PROPERTY UNITS OF THE ALTITUDE

The Board announces that on 20 January 2012, the Vendors entered into two Preliminary Agreements with the Purchasers for the sale and purchase of the Property Units at the development known as “The Altitude”.

The Purchasers are two companies wholly owned by Mr. Kuok Khoon Ean and Ms. Heah Cheng Sui, who are associates of the Chairman. The Purchasers are therefore regarded as connected persons of the Company. Accordingly, the sale of the Property Units by the Group to the Purchasers constitutes a connected transaction of the Company under the Listing Rules. As the consideration for the sale of the Property Units to the Purchasers in the total amount of HK\$107,408,000 exceeds 0.1% but is less than 5% of the applicable percentage ratios for the Company, the Transaction is only subject to the reporting and announcement requirements but is exempted from the independent shareholders’ approval requirement of the Listing Rules.

In addition, as disclosed in the announcement of the Company dated 31 January 2011, the Group has sold the Belgravia Unit to Mr. Kuok Khoon Hua in January 2011 for a consideration of HK\$76,000,000. Under the Listing Rules, the sale of the Belgravia Unit by the Group to Mr. Kuok Khoon Hua should be aggregated with the sale of the Property Units by the Group to the Purchasers as they were all entered into by the Group with the associates of the Chairman within a 12-month period. The total consideration for the sale of the Belgravia Unit and the Property Units exceeds 0.1% but is less than 5% of the applicable percentage ratios for the Company. Details of the Transaction 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 on 20 January 2012, the Vendors entered into two preliminary agreements with the Purchasers for the sale and purchase of the Property Units at the development known as “The Altitude”.

**PRELIMINARY AGREEMENT FOR SALE AND PURCHASE OF THE PROPERTY
UNIT A DATED 20 JANUARY 2012**

1. **Vendors:** the Vendors

2. **Purchaser:** Dragon Era Holdings Limited

3. **Property unit and the consideration:**

Unit A on 41st Floor of The Altitude: HK\$57,428,000

4. **Payment terms:**

- (i) An initial deposit of an amount equivalent to 5% of the consideration as stated in the preliminary agreement for sale and purchase was paid upon signing of the said preliminary agreement;
- (ii) A further deposit of an amount equivalent to 5% of the consideration as stated in the preliminary agreement for sale and purchase is to be paid on or before 20 February 2012; and
- (iii) The balance (i.e. 90%) of the consideration as stated in the preliminary agreement for sale and purchase is to be paid on or before 19 March 2012 upon completion of the sale and purchase of the Property Unit A.

5. **Date of signing of the formal agreement for sale and purchase:**

On or before 8 February 2012

6. **Completion date:**

On or before 19 March 2012

**PRELIMINARY AGREEMENT FOR SALE AND PURCHASE OF THE PROPERTY
UNIT B DATED 20 JANUARY 2012**

1. **Vendors:** the Vendors

2. **Purchaser:** Soaring Dragon Holdings Limited

3. **Property unit and the consideration:**

Unit B on 41st Floor of The Altitude: HK\$49,980,000

4. **Payment terms:**

- (i) An initial deposit of an amount equivalent to 5% of the consideration as stated in the preliminary agreement for sale and purchase was paid upon signing of the said preliminary agreement;
- (ii) A further deposit of an amount equivalent to 5% of the consideration as stated in the preliminary agreement for sale and purchase is to be paid on or before 20 February 2012; and

- (iii) The balance (i.e. 90%) of the consideration as stated in the preliminary agreement for sale and purchase is to be paid on or before 19 March 2012 upon completion of the sale and purchase of the Property Unit B.

5. Date of signing of the formal agreement for sale and purchase:

On or before 8 February 2012

6. Completion date:

On or before 19 March 2012

REASON FOR AND BENEFIT OF THE SALE OF THE PROPERTY UNITS

“The Altitude” is a residential project developed by the Vendors which are non-wholly owned subsidiaries of the Company. The sale of the Property Units is in the ordinary course of business of the Group.

The consideration for the sale of each of the Property Units was based on published price lists distributed to the public at sales office by the Vendors. The price lists were determined by the Vendors after considering the prevailing market prices for similar premises. The proceeds of the sale of the Property Units will be used as general working capital of the Group. The approximate aggregate book value of the Property Units is HK\$34,123,000. It is expected that the Group will record a gain of approximately HK\$70,063,000 after deduction of direct marketing costs, but before provision for taxation.

The Directors, including the independent non-executive Directors, are of the opinion that the terms of the sale of each of the Property Units are fair and reasonable and the sale of the Property Units is 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. Pursuant to the requirements of Chapter 14A of the Listing Rules, Mr. Kuok Khoon Chen, the Chairman of the Company, is considered as having interests in the Transaction and has abstained from voting on the relevant resolutions of the Board approving the Transaction.

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; and (iii) hotel ownership in Hong Kong, and hotel ownership and operations in the PRC.

Each of the Vendors was incorporated in Hong Kong and is 71%-owned by the Company and 29%-owned by Peterson Holdings Company Limited (which is a connected person of the Company at subsidiary level). Currently, the business activity of the Vendors is the sale of the property interests in “The Altitude” project.

Each of the Purchasers is wholly owned by Mr. Kuok Khoon Ean and Ms. Heah Cheng Sui. Mr. Kuok Khoon Ean and Ms. Heah Cheng Sui are brother and sister-in-law of the Chairman and are therefore associates of the Chairman.

IMPLICATIONS UNDER THE LISTING RULES

The Purchasers are regarded as connected persons of the Company. Accordingly, the Transaction constitutes a connected transaction of the Company under the Listing Rules. As the consideration for the sale of the Property Units to the Purchasers in the total amount of HK\$107,408,000 exceeds

0.1% but is less than 5% of the applicable percentage ratios for the Company, the Transaction is only subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement of the Listing Rules.

In addition, as disclosed in the announcement of the Company dated 31 January 2011, the Group has sold the Belgravia Unit to Mr. Kuok Khoon Hua in January 2011 for a consideration of HK\$76,000,000. Under the Listing Rules, the sale of the Belgravia Unit by the Group to Mr. Kuok Khoon Hua should be aggregated with the sale of the Property Units by the Group to the Purchasers as they were all entered into by the Group with the associates of the Chairman within a 12-month period. The total consideration for the sale of the Belgravia Unit and the Property Units exceeds 0.1% but is less than 5% of the applicable percentage ratios for the Company. Details of the Transaction 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 are Messrs. Kuok Khoon Chen⁺, Wong Siu Kong⁺, Ho Shut Kan⁺, Ma Wing Kai, William⁺, Qian Shaohua⁺, Chan Wai Ming, William⁺, Lau Ling Fai, Herald[#], Ku Moon Lun[#], Ms. Wong Yu Pok, Marina, JP[#] and Mr. Tse Kai Chi[@].

⁺ Executive director

[@] Non-executive director

[#] Independent non-executive director

DEFINITIONS

“associates”	has the meaning ascribed to it in the Listing Rules;
“Belgravia Unit”	Unit 21B and car-parking spaces nos. LG2 and LG4 of “Belgravia”, 57 South Bay Road, Repulse Bay, Hong Kong;
“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;
“HKSE”	The Stock Exchange of Hong Kong Limited;
“Listing Rules”	The Rules Governing the Listing of Securities on HKSE;
“percentage ratios”	has the meaning ascribed to it in Chapter 14 of the Listing Rules;
“Preliminary Agreements”	collectively, the two preliminary agreements for sale and purchase of the Property Unit A and the Property Unit B, respectively;

“Property Unit A”	Unit A on 41st Floor of “The Altitude” with gross floor area of 1,923 square feet;
“Property Unit B”	Unit B on 41st Floor of “The Altitude” with gross floor area of 1,855 square feet;
“Property Units”	collectively, Property Unit A and Property Unit B;
“Purchasers”	Dragon Era Holdings Limited and Soaring Dragon Holdings Limited, which were incorporated in the British Virgin Islands and are wholly owned by Mr. Kuok Khoon Ean and Ms. Heah Cheng Sui;
“The Altitude”	a residential development situated at No. 20 Shan Kwong Road, Happy Valley, Hong Kong;
“Transaction”	the sale of the Property Units by the Group to the Purchasers; and
“Vendors”	collectively, Newick Limited, Capital Rise Investments Limited, Panawin Limited, Join Sky Investment Limited, Shun On Properties Limited and Chain Base Limited, companies incorporated in Hong Kong and all 71%-owned by the Company.

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

Hong Kong, 20 January 2012

* *For identification purpose only*