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 THE BAYVIEW AND THE SUMMA

The Board announces that (i) on 5 October 2013, the Bayview Vendor entered into a preliminary agreement for sale and purchase with the Bayview Purchaser for sale of the Bayview CPS; and (ii) on 11 January 2014, The Summa Vendors entered into two preliminary agreements for sale and purchase with The Summa Purchasers for sales of The Summa Units.

Mr. Kuok was an executive Director within the preceding 12 months of the dates of the Transactions. The Bayview Purchaser is a company in which Mr. Kuok, together with his family members, ultimately controls the exercise of more than 50% of the voting power at its general meetings. The Summa Purchasers are Mr. Kuok's sister and niece respectively. The Bayview Purchaser and The Summa Purchasers are therefore regarded as associates of Mr. Kuok under Rules 14A.11(4)(b) and 14A.11(4)(c) of the Listing Rules. Accordingly, the sales of the Property Units by the Group to the Purchasers constitute connected transactions for the Company under the Listing Rules.

Under the Listing Rules, the Transactions will be aggregated as they are entered into and/or completed within a 12-month period. As the aggregate consideration of the Transactions of HK$42,552,794 exceeds 0.1% but is less than 5% of the applicable percentage ratios for the Company, the Transactions are only subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement of the Listing Rules. Details of the Transactions 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 5 October 2013, the Bayview Vendor entered into a preliminary agreement for sale and purchase with the Bayview Purchaser for sale of the Bayview CPS; and

(ii) on 11 January 2014, The Summa Vendors entered into two preliminary agreements for sale and purchase with The Summa Purchasers for sales of The Summa Units.

(I) PRELIMINARY AGREEMENT FOR SALE AND PURCHASE DATED 5 OCTOBER 2013

1. **Vendor:** The Bayview Vendor

2. **Purchaser:** The Bayview Purchaser

3. **Asset for sale:** The Bayview CPS

4. **Consideration:** HK$1,680,000

5. **Payment Terms:**

   (i) An initial deposit of HK$100,000 shall be paid upon the signing of the said preliminary agreement.

   (ii) A further deposit of HK$68,000 shall be paid on or before 11 October 2013.

   (iii) The balance of the consideration of HK$1,512,000 shall be paid on or before 4 December 2013.

   The consideration has been paid in accordance with the above payment terms.

6. **Date of Signing of the Formal Agreement for Sale and Purchase:**

   11 October 2013

7. **Completion Date:**

   4 December 2013

(II) PRELIMINARY AGREEMENTS FOR SALE AND PURCHASE DATED 11 JANUARY 2014

1. **Vendor:** The Summa Vendors

2. **Purchaser:**

   (a) The Summa Unit T1-27C: Ms. Samantha Kuok Leese
   (b) The Summa Unit T2-23A: Ms. Ruth Kuok

3. **Assets for sale:** The Summa Units

4. **Consideration:**

   (a) The Summa Unit T1-27C: HK$23,427,294
   (b) The Summa Unit T2-23A: HK$17,445,500

5. Payment Terms:

(i) 5% of consideration (preliminary deposit) shall be paid upon signing of the preliminary agreements for sale and purchase.
(ii) 5% of consideration (further deposit) shall be paid within 5 working days after signing of the preliminary agreements for sale and purchase.
(iii) 5% of consideration (part payment) shall be paid within 60 days after signing of the preliminary agreements for sale and purchase.
(iv) 85% of consideration (balance) shall be paid within 150 days after signing of the preliminary agreements for sale and purchase.

The preliminary deposit for each of the preliminary agreements for sale and purchase has been fully paid in accordance with the above payment terms.

6. Date of Signing of the Formal Agreements for Sale and Purchase by The Summa Purchasers:

On or before 17 January 2014

7. Date of Signing of the Formal Agreements for Sale and Purchase by The Summa Vendors:

On or before 22 January 2014

8. Completion Date:

On or before 10 June 2014

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Bayview and The Summa are residential projects developed by the Group. The Transactions (i.e. the sales of the Property Units by the Group to the Purchasers) are in the ordinary course of business of the Group.

The consideration for the sales of the Bayview CPS was based on the price list distributed to the eligible purchasers (including the Bayview Purchaser) who are the purchasers of Units A and C on or above 33/F and those special units of the Bayview. The consideration for the sales of The Summa Units was based on published price lists and terms of payment distributed to the public at sales office and uploaded by The Summa Vendors to their website and the Sales of First-hand Residential Properties Electronic Platform. The price lists were determined by the Vendors after considering the prevailing market prices for similar properties. The proceeds of the sales of the Property Units will be used as repayment of the loan to an authorized institution for construction of The Summa and general working capital of the Group. The approximate aggregate book value of the Property Units is HK$19,189,000. It is expected that the Group will record a gain of approximately HK$22,342,000 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 on normal commercial terms and are fair and reasonable, and that the Transactions are in the interests of the Company and its shareholders as a whole.

The Board confirms that none of the Directors had any material interest in the Transactions and accordingly none of the Directors was required to abstain from voting on the board resolutions in relation to the Transactions.

INFORMATION OF 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; and (ii) hotel ownership in Hong Kong and hotel ownership and operations in the PRC.

The Bayview Vendor was incorporated in Hong Kong and is wholly-owned by the Company. Currently, the business activity of the Bayview Vendor is the sale of the property interests in the Bayview project.

Each of The Summa Vendors is 71%-owned by the Company and 29%-owned by Winford Group Limited (which is a connected person of the Company at subsidiary level). Currently, the business activity of The Summa Vendors is the sale of the property interests in The Summa project.

Mr. Kuok was an executive Director within the preceding 12 months of the dates of the Transactions. The Bayview Purchaser is a company in which Mr. Kuok, together with his family members, ultimately controls the exercise of more than 50% of the voting power at its general meetings. The Summa Purchasers are Mr. Kuok's sister and niece respectively. The Bayview Purchaser and The Summa Purchasers are therefore regarded as associates of Mr. Kuok under Rules 14A.11(4)(b) and 14A.11(4)(c) of the Listing Rules and hence connected persons of the Company.

IMPLICATIONS UNDER THE LISTING RULES

The Transactions constitute connected transactions for the Company under the Listing Rules. Under the Listing Rules, the Transactions will be aggregated as they are entered into and/or completed within a 12-month period. As the aggregate consideration of the Transactions of HK$42,552,794 exceeds 0.1% but is less than 5% of the applicable percentage ratios for the Company, the Transactions are only subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement under the Listing Rules. Details of the Transactions will be included in the next published annual report and accounts of the Company according to Rule 14A.45 of the Listing Rules.

DEFINITIONS

"associates"	has the meaning ascribed to it in Rule 14A.11 of the Listing Rules;
"Bayview"	a residential property development situated at 9 Yuk Yat Street, Kowloon;
"Bayview CPS"	Car Parking Space No. P51 on 2/F of the Bayview;
"Bayview Purchaser"	Star Ascend Limited, a company incorporated in Hong Kong in which Mr. Kuok, together with his family members, ultimately controls the exercise of more than 50% of the voting power at its general meetings;
"Bayview Vendor"	Golden Concord Properties Limited, a company incorporated in Hong Kong and wholly-owned by the Company;
"Board"	the board of Directors;

"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;
"Director(s)"	director(s) 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;
"Mr. Kuok"	Mr. Kuok Khoon Chen, a former executive Director (within the preceding 12 months of the dates of the Transactions);
"percentage ratios"	has the meaning ascribed to it in Chapter 14 of the Listing Rules;
"PRC"	the People's Republic of China;
"Property Units"	collectively, the Bayview CPS and The Summa Units;
"Purchasers"	collectively, the Bayview Purchaser and The Summa Purchasers;
"The Summa"	a residential development situated at 23 Hing Hon Road, Hong Kong;
"The Summa Purchasers"	Ms. Ruth Kuok and Ms. Samantha Kuok Leese;
"The Summa Unit T1-27C"	Unit C on the 27th Floor of Tower 1 of The Summa with saleable area of approximately 88.588 square metres of which approximately 2.362 square metres belong to the balcony and 1.500 square metres belong to the utility platform;
"The Summa Unit T2-23A"	Unit A on the 23rd Floor of Tower 2 of The Summa with saleable area of approximately 71.436 square metres of which approximately 2.000 square metres belong to the balcony and 1.500 square metres belong to the utility platform;
"The Summa Units"	collectively, The Summa Unit T1-27C and The Summa Unit T2-23A;
"The Summa Vendors"	collectively, Maxtime International Limited, Widemax Limited, Metro Cosmos Limited, Vickon Limited and Haily Investments Limited, companies incorporated in Hong Kong, and Wealthline Properties Limited, a company incorporated in the British Virgin Islands, and all of which are 71%-owned by the Company;
"Transactions"	the sales of the Property Units by the Group to the Purchasers; and

"Vendors"	collectively, the Bayview Vendor and The Summa Vendors.

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

Hong Kong, 13 January 2014

As at the date of this announcement, the Directors of the Company are:

Executive Directors:
Messrs. Wong Siu Kong, Ho Shut Kan, Qian Shaohua, Chan Wai Ming, William and Bryan Pallop Gaw.

Independent Non-executive Directors:
Mr. Lau Ling Fai, Herald, Mr. Ku Moon Lun, Ms. Wong Yu Pok, Marina, JP and Mr. Chang Tso Tung, Stephen.

* *For identification purpose only*