



## CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to report the annual results of Kerry Properties Limited (the "Company"), its subsidiaries and associated companies (collectively, the "Group") for the year ended 31 December 2008.

The Group's consolidated net profit attributable to shareholders for the year ended 31 December 2008 was HK\$3,051 million, representing a decrease of 54% compared with HK\$6,563 million reported for 2007.


Earnings per share for the year were HK\$2.14, representing a decrease of 57% compared with HK\$4.95 per share in 2007.

The Board has recommended the payment of a final dividend of HK\$0.40 per share for the year. Together with the interim dividend of HK\$0.30 per share, the total dividend for the year ended 31 December 2008 will be HK\$0.70 per share, representing a decrease of 26% compared with HK\$0.95 per share in 2007.

The past year delivered a series of external shocks to the global economy. Both debt and equity markets were highly turbulent in 2008, particularly during the second half of the year and this has spilled over into the real economy globally. However, all factors considered, the long-term economic fundamentals in our core markets remain strong, particularly in China. This is positive in terms of the outlook for the Group because our future prospects are closely linked to China's prosperity. A still growing, albeit more slowly, domestic economy, increasing mass urbanization, rising disposable incomes and expanded infrastructure needs suggest that over the long-term there will continue to be opportunities in the property, logistics and infrastructure sectors in China. Recent government economic stimulus packages have a focus on infrastructure and property. Also, a continuation of efforts to put economic growth in China on a more socially and environmentally sustainable path is likely to form the basis of government policy in the coming year. In addition, specific initiatives to invest in infrastructure and to promote the property sector will have a direct bearing on the Group's business. All these undertakings by government appear to have been well received by the market.

Reflecting this focus by government at a corporate level, the Group remains committed to doing business in a manner that is environmentally sustainable and in a way that is consonant with our corporate values and our social conscience, while maximizing returns to shareholders. Lending support to community groups and to our staff in their pursuit of meaningful ways of engaging with our business partners and with the broader community in undertaking a range of environmental and socially responsible initiatives is at the core of our corporate philosophy. To this end, we sponsor a range of projects that engage the community in meaningful ways and which promote community values and highlight how our businesses operate so as to reinforce those values.

Additional information on the specific ways in which we promote efficient energy use, seek out environmentally friendly innovations in building design and in project management, and aim to be transparent and accountable to our stakeholders can be found in our Corporate Social Responsibility Report.



The medium and long-term success of the Group will depend much more heavily on long-term macroeconomic trends and on the quality of the strategy and management decisions that guide our businesses, rather than on short-term market movements. The good news on this front is that there has been a low turnover in the senior management of the Group in recent years. Therefore, essentially the same talent that developed the strategy and managed the Group in a way that has brought us continued success remains in place to guide the business into the future. Given the stability in our senior levels of management, I am optimistic that the expertise, dedication and commitment of this team, and of all our employees, will again be reflected in positive results in the times ahead.

In China, the Group will continue to invest in mixed-use development projects and in supporting infrastructure to meet the demand for upper-middle to high-end residential properties. We foresee the further development of mass transportation systems, and further investment in infrastructure in China as being key to the growth in size of Chinese cities, and to the outward spread of the epicenter of these cities. This rural, to urban, to suburban transition will increase the economic value that lies in the core of Chinese cities and we expect to be a beneficiary of this enhancement in inner-city value through our involvement in redeveloping central sites in leading cities, particularly in relation to the construction and development of the mixed-use projects that are a focus for our business.

The Group is also well-positioned to participate in investment opportunities in the logistics sector. Our extensive experience in the logistics sector, as well as the potential for significant growth in the demand for logistics services gives us a leading edge in developing our logistics business in line with growth in the sector. We will engage in such development when there is a compelling case to do so, and when it is clear that investment in this area will be a value driver for the Group as a whole.

In closing, and on behalf of your Board, I offer my sincere appreciation to our staff, management team, partners and all others who worked with us during 2008. The talented teams working in each of our businesses are well placed to capitalize on the opportunities that will arise in 2009. This promises to translate into sustained growth that will position the Group at the forefront of economic development in each of the markets in which we invest. As has been the case from the start, the coming year will see Kerry Properties continue to build on our reputation as a first class Group.

Sincerely,

**Kuok Khoon Chen**

*Chairman*

Hong Kong, 18 March 2009