

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

嘉里建設有限公司*

website: www.kerryprops.com

(Stock Code: 00683)



SHANGRI-LA ASIA LIMITED

(Incorporated in Bermuda with limited liability)

香格里拉(亞洲)有限公司*

website: www.ir.shangri-la.com

(Stock Code: 00069)

**CONNECTED TRANSACTION
RELATING TO THE ESTABLISHMENT OF JOINT VENTURE
FOR THE ACQUISITION, HOLDING AND DEVELOPMENT
OF LAND IN NANJING CITY, JIANGSU PROVINCE, PRC**

On 23 September 2008, KPCL, SACL and BIPL jointly won the bid at the open bidding to acquire the land use rights of the Project Site in Nanjing City, Jiangsu Province, PRC. Accordingly, on 23 September 2008, Nanjing City Land Resources Bureau (南京市國土資源局) has issued a Confirmation Notice to KPCL, SACL and BIPL confirming the winning of the bid for the Project Site.

Following the successful bidding of the Project Site, the JV Parties have entered into the Master Joint Venture Agreement on 23 September 2008, pursuant to which the JV Parties will procure KPCL, SACL and BIPL (as the case may be) to establish the JVCO for the acquisition, holding and development of the Project Site and to enter into the Shareholders' Agreement and the Articles of Association in connection with the establishment of the JVCO and the development of the Project Site.

KSL is interested in approximately 34.1% of the existing issued share capital of APL. KSL indirectly owns 33% of the issued shares of a 67% owned subsidiary of KPL and therefore APL is a connected person of KPL. KHL is the controlling shareholder of both KPL and SA. SA is an associate of KHL and therefore SA is a connected person of KPL. Accordingly, the entering into of the Transaction constitutes a connected transaction for KPL under the Listing Rules. As the maximum contribution of the KPL Group to the JVCO is more than 0.1% but less than 2.5% of each of the percentage ratios, KPL is only subject to the announcement and reporting requirements but is exempt from independent shareholders' approval requirement under the Listing Rules. Details of the Transaction will be included in KPL's next published annual report in accordance with Rule 14A.45 of the Listing Rules.

KPL is an associate of KHL and therefore a connected person of SA. APL's subsidiary is a substantial shareholder interested in 25% of the issued shares of an indirect 75% owned subsidiary of SA and therefore APL is a connected person of SA. Accordingly, the entering into of the Transaction constitutes a connected transaction for SA under the Listing Rules. As the maximum contribution of the SA Group to the JVCO is more than 0.1% but less than 2.5% of each of the percentage ratios, SA is only subject to the announcement and reporting requirements but is exempt from independent shareholders' approval requirement under the Listing Rules. Details of the Transaction will be included in SA's next published annual report in accordance with Rule 14A.45 of the Listing Rules.

INTRODUCTION

The KPL Board and the SA Board jointly announce that on 23 September 2008, KPCL, SACL and BIPL jointly won the bid at the open bidding to acquire the land use rights of the Project Site in Nanjing City, Jiangsu Province, PRC. Accordingly, on 23 September 2008, Nanjing City Land Resources Bureau (南京市國土資源局) has issued a Confirmation Notice to KPCL, SACL and BIPL confirming the winning of the bid for the Project Site.

The Project Site is designated for hotel, commercial and office use. The term for the grant of the land use rights of the Project Site shall be 40 years.

The Consideration for the acquisition of the Project Site is RMB200 million (approximately HK\$230 million) and will be settled in cash. An initial payment of RMB30 million (approximately HK\$34 million) has been paid through KPCL by the JV Parties in proportion to their respective equity interests in the JVCO and the balance of the Consideration shall be payable in accordance with the land contract.

THE MASTER JOINT VENTURE AGREEMENT

Following the successful bidding of the Project Site, the JV Parties have entered into the Master Joint Venture Agreement on 23 September 2008, pursuant to which the JV Parties will procure KPCL, SACL and BIPL (as the case may be) to establish the JVCO for the acquisition, holding and development of the Project Site and to enter into the Shareholders' Agreement and the Articles of Association in connection with the establishment of the JVCO and the development of the Project Site. The principal terms of the Master Joint Venture Agreement are as follows:-

Date:	23 September 2008
Parties	KPL, SA and APL
Formation of joint venture:	The JV Parties shall procure KPCL, SACL and BIPL to establish the JVCO to acquire the Project Site.
Shareholdings in the JVCO:	The shareholdings of KPCL, SACL and BIPL in the JVCO shall be in the proportions of 45%, 40% and 15%, respectively.
Name of the JVCO:	To be determined by the JV Parties

Parties to the JVCO:	KPCL, SACL and BIPL
Registered Capital:	The total amount of the registered capital of the JVCO will be equal to the Consideration or such other higher amount to be agreed among KPCL, SACL and BIPL, which will be contributed by KPCL, SACL and BIPL on a pro rata basis based on their respective shareholdings in the JVCO.
Maximum Total Investment Amount:	The maximum total investment amount of the JVCO shall be approximately RMB1,500 million (approximately HK\$1,724 million).
Scope of Business of the JVCO:	Real estate development, operation, sale, leasing, property management and hotel development, operation and management.
Funding and provision of securities:	<p>The sources and terms of future funding requirements of the JVCO shall be determined by the board(s) of directors of the JVCO from time to time. If any funding by banks, financial institutions or other third parties is required, each JV Party shall provide or procure the provision of or make available by itself and/or its Affiliates such form of financial assistance (including, without limitation, the provision of collateral or security for the benefit of the JVCO and/or the provision of several corporate guarantees and indemnities by the JV Parties) on a pro rata and several basis based on its equity interest in the JVCO as such lender(s) and the JV Parties may agree. If shareholders' funding is required, each JV Party shall provide or procure the provision of or make available by itself and/or its Affiliates such funding on a pro-rata and several basis in accordance with its equity interest in the JVCO.</p> <p>In the event that any respective funding to be provided by KPCL, SACL and BIPL to JVCO is in the form of shareholders' loans, such shareholders' loans:-</p> <ol style="list-style-type: none"> (a) shall be non-revolving (unless the shareholders of the JVCO agree otherwise); (b) shall only be repaid subject to, <i>inter alia</i>, any restrictions imposed by banks or financial institutions which have extended loans or facilities to the JVCO; (c) shall only be repaid to the shareholders of the JVCO on a pro rata basis in accordance with their then respective equity interest in the JVCO (as the case may be); and (d) where such shareholders' loans are interest-bearing, interest may be charged at such prevailing rate(s) as the shareholders of the JVCO shall agree.
Board composition:	The board of directors of the JVCO will consist of five directors, of which two directors will be nominated by KPCL, two directors nominated by SACL and one director nominated by BIPL.

Conditions precedent: The establishment of the JVCO is conditional upon all necessary approvals from the relevant PRC authorities for the establishment of the JVCO having been obtained and such condition may not be waived by the JV Parties.

Termination of Joint Venture: If all necessary approvals, consents, authorisation and licences required under the Shareholders' Agreement and the Articles of Association are not obtained within 18 months from the signing thereof or such later date as the JV Parties shall agree, any JV Party may terminate the arrangement in relation to the JVCO by notice in writing to the other JV Parties. Upon termination, KPL may either (i) itself (or through KPCL or any of its Affiliates) acquire the entire interest in the JVCO; or (ii) introduce third party(ies) to acquire the respective interests held by SA and APL or any of their respective Affiliates in the JVCO, and reimburse SA and/or APL (as the case may be) any payment made or expenses incurred in connection with, *inter alia*, the acquisition of the Project Site or the establishment of the JVCO to acquire the Project Site within 7 Business Days from the date of termination.

KPL and SA, where appropriate, will comply with the requirements of the Listing Rules if the above event happens.

FINANCIAL EFFECTS OF THE TRANSACTIONS

Based on the maximum total investment amount in the JVCO of approximately RMB1,500 million (approximately HK\$1,724 million), the maximum contributions of the KPL Group, the SA Group and the APL Group to the JVCO are expected to be approximately RMB675 million (approximately HK\$776 million), approximately RMB600 million (approximately HK\$690 million) and approximately RMB225 million (approximately HK\$258 million), respectively.

The Consideration has been arrived at following the successful joint bid by KPCL, SACL and BIPL at the open bidding after taking into account the location and potential value of the Project Site. It is currently expected that the funding required by KPL for making the maximum contribution to the JVCO will be sourced by KPL from its internal cash reserves and/or external bank borrowings. KPL is not able to ascertain the proportion between internal cash reserves and external bank borrowings at this stage. The funding requirement for making the maximum contribution is not expected to have any material impact on the KPL Group. It is currently expected that the funding required by SA for making the maximum contribution to the JVCO will be sourced by SA from its internal cash reserves and/or external bank borrowings. SA is not able to ascertain the proportion between internal cash reserves and external bank borrowings at this stage. The funding requirement for making the maximum contribution is not expected to have any material impact on the SA Group.

As the JVCO will be owned by KPCL and SACL as to 45% and 40%, respectively, the JVCO will be treated as an associated company of KPCL and SACL and will be so treated in the consolidated financial statements of KPL and SA.

REASONS FOR THE TRANSACTION

The KPL Directors as well as the SA Directors believe that the joint acquisition and development of the Project Site on the terms of the Master Joint Venture Agreement will enable both the KPL Group and the SA Group to participate in the development of such prime land in Nanjing City, Jiangsu Province, PRC. The Project Site is designated for hotel, commercial and office use. With the combined experience, standing and expertise of the JV Parties in hotel, commercial and residential projects, the development of the Project Site is expected to enhance the value of the respective shareholders of KPL and SA and provide recurrent income for both the KPL Group and the SA Group.

In connection with the development and project management of the Project Site, it is expected that the KPL Group will provide certain on-going project development, construction management and project consultancy services to the JVCO during the period of construction of the Project Site at an aggregate fee of not more than 2% of the total construction costs. Besides, it is currently contemplated by the JV Parties that a hotel will be built on the Project Site. In connection with the operation and management of such hotel, it is expected that the SA Group will provide certain on-going hotel management services during the period of operation of such hotel. No agreements have been entered into in respect of the aforesaid transactions and the JVCO will negotiate on an arm's length basis with the relevant parties regarding any agreement for the proposed transactions in due course. In this connection, KPL and SA will comply with the relevant requirements under the Listing Rules regarding the signing of any agreements for the proposed transaction at the relevant time.

INFORMATION ABOUT KPL, SA AND APL

The KPL Group is principally engaged in (i) property development, investment and management in Hong Kong, PRC and the Asia Pacific region; (ii) logistics, freight and warehouse ownership and operations; (iii) infrastructure-related investment in Hong Kong and PRC; and (iv) hotel ownership in Hong Kong, and hotel ownership and operations in PRC.

The SA Group is principally engaged in the ownership and operation of hotels and associated properties and the provision of hotel management and related services. SA's subsidiaries are also the registered proprietors of various trademarks and service marks in various countries, including the brand names "Shangri-La", "Traders", "Rasa", "Summer Palace" and "Shang Palace" and other related devices and logos.

APL is listed on SGX. The APL Group is principally engaged in property development and investment and project management.

IMPLICATIONS UNDER THE LISTING RULES

KPCL is an indirect wholly-owned subsidiary of KPL.

KHL is the controlling shareholder of both KPL and SA. SA is an associate of KHL and therefore SA is a connected person of KPL. SACL is an indirect wholly-owned subsidiary of SA.

KSL is interested in approximately 34.1% of the existing issued share capital of APL. KSL indirectly owns 33% of the issued share capital of a 67%-owned subsidiary of KPL and therefore APL is a connected person of KPL. BIPL is a direct wholly-owned subsidiary of APL.

Accordingly, the entering into of the Transaction constitutes a connected transaction for KPL under the Listing Rules. As the maximum contribution of the KPL Group to the JVCO is more than 0.1% but less than 2.5% of each of the percentage ratios, KPL is only subject to the announcement and reporting requirements but is exempt from independent shareholders' approval requirement under the Listing Rules. Details of the Transaction will be included in KPL's next published annual report in accordance with Rule 14A.45 of the Listing Rules.

The KPL Directors (including the independent non-executive KPL Directors) take the view that the Transaction is in the ordinary and usual course of business of the KPL Group and believe that the terms of the Transaction are on normal commercial terms and are fair and reasonable and in the interests of KPL and the KPL Shareholders as a whole.

KPL is an associate of KHL and therefore a connected person of SA. APL's subsidiary is a substantial shareholder interested in 25% of the issued shares of an indirect 75% owned subsidiary of SA and therefore APL is a connected person of SA. Accordingly, the entering into of the Transaction constitutes a connected transaction for SA under the Listing Rules. As the maximum contribution of the SA Group to the JVCO is more than 0.1% but less than 2.5% of each of the percentage ratios, SA is only subject to the announcement and reporting requirements but is exempt from independent shareholders' approval requirement under the Listing Rules. Details of the Transaction will be included in SA's next published annual report in accordance with Rule 14A.45 of the Listing Rules.

The SA Directors (including the independent non-executive SA Directors) take the view that the Transaction is in the ordinary and usual course of business of the SA Group and believe that the terms of the Transaction are on normal commercial terms and are fair and reasonable and in the interests of SA and the SA Shareholders as a whole.

GENERAL

As at the date of this announcement, the KPL Directors are Messrs. Kuok Khoon Chen⁺, Wong Siu Kong⁺, Ho Shut Kan⁺, Ma Wing Kai, William⁺, So Hing Woh, Victor, ^{MBE, JP}, Chan Wai Ming, William, Qian Shaohua, Ku Moon Lun[#], Lau Ling Fai, Herald[#], Wong Yu Pok, Marina, ^{JP} and Tse Kai Chi[@] and the SA Directors are Messrs. Kuok Khoon Ean⁺, Kuok Khoon Loong, Edward⁺, Lui Man Shing⁺, Giovanni Angelini⁺, Ho Kian Guan[@], Roberto V. Ongpin[@], Alexander Reid Hamilton[#], Timothy David Dattels[#], Wong Kai Man[#] and Michael Wing-Nin Chiu[#], Madam Kuok Oon Kwong[@] and Mr. Ho Kian Hock[@] (alternate to Mr. Ho Kian Guan).

⁺ *Executive Director*

[@] *Non-executive Director*

[#] *Independent non-executive Director*

DEFINITIONS

"Affiliate(s)"	in relation to any JV Party, any subsidiary or holding company of that JV Party or subsidiary of any such holding company, in each case from time to time;
"APL"	Allgreen Properties Limited, a company incorporated in Singapore with limited liability, the shares of which are listed on SGX;
"APL Group"	APL and its subsidiaries;

"Articles of Association"	the articles of association of the JVCO;
"associate"	has the meaning ascribed to it in the Listing Rules;
"BIPL"	Belfin Investments Pte Ltd, a company incorporated in Singapore with limited liability and a direct wholly-owned subsidiary of APL;
"Business Day"	a day (excluding Saturday and Sunday) on which banks in Hong Kong are open for business;
"Confirmation Notice"	the confirmation notice (成交確認書) dated 23 September 2008 issued by Nanjing City Land Resources Bureau (南京市國土資源局) to KPCL, SACL and BIPL confirming the winning of the bid for the Project Site;
"connected person"	has the meaning ascribed to it in the Listing Rules;
"Consideration"	the total consideration for the acquisition of the Project Site, being approximately RMB200 million (approximately HK\$230 million);
"controlling shareholder"	has the meaning ascribed to it in the Listing Rules;
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	Hong Kong Special Administrative Region of the PRC;
"JVCO"	a wholly foreign-owned enterprise to be established by KPCL, SACL and BIPL in Nanjing City, Jiangsu Province, PRC for the purpose of acquiring, holding and developing the Project Site;
"JV Parties"	collectively, KPL, SA and APL;
"KHL"	Kerry Holdings Limited, a company incorporated in Hong Kong, which as at the date of this announcement is the controlling shareholder of each of KPL and SA;
"KPCL"	Kerry Properties (China) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of KPL;
"KPL"	Kerry Properties Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
"KPL Board"	the board of directors of KPL;
"KPL Directors"	directors of KPL;
"KPL Group"	KPL and its subsidiaries;
"KPL Shareholders"	holders of KPL Shares;

"KPL Shares"	ordinary shares of HK\$1.00 each in the capital of KPL;
"KSL"	Kuok (Singapore) Limited, a company incorporated in Singapore, being the controlling shareholder of APL;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Master Joint Venture Agreement"	the master joint venture agreement dated 23 September 2008 and entered into between KPL, SA and APL with respect to the establishment of the JVCO for the acquisition and development of the Project Site;
"percentage ratios"	has the meaning ascribed to it in Chapter 14 of the Listing Rules;
"PRC"	the People's Republic of China;
"Project Site"	Land no. 2008G26 located at No. 331, Zhong Yang Road, Gu Lou District, Nanjing, Jiangsu Province, PRC (中國江蘇省南京市鼓樓區中央路 331 號 (地塊編號: No. 2008G26)), with a gross area of 17,014.4 sq.m.;
"RMB"	Renminbi, the lawful currency of the PRC;
"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 SGX;
"SA Board"	the board of directors of SA;
"SA Directors"	directors of SA;
"SA Group"	SA and its subsidiaries;
"SA Shareholders"	holders of SA Shares;
"SA Shares"	ordinary shares of HK\$1.00 each in the capital of SA;
"SACL"	Shangri-La China Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of SA;
"SGX"	the Singapore Exchange Securities Trading Limited;
"Shareholders' Agreement"	the shareholders' agreement to be entered into by KPCL, SACL and BIPL in relation to the establishment of the JVCO;
"sq.m."	square metres;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;

"Transaction" the entering into of the Master Joint Venture Agreement by KPL, SA and APL and the transactions contemplated thereunder, including but not limited to the establishment of the JVCO and the entering into of the Shareholders' Agreement and the Articles of Association by KPCL, SACL and BIPL and the transaction contemplated thereunder; and

"%" per cent.

Amounts denominated in RMB in this announcement have been converted into HK\$ at the rate of RMB0.87 = HK\$1 for illustration purposes.

By Order of the Board
Kerry Properties Limited
Kuok Khoon Chen
Chairman

By Order of the Board
Shangri-La Asia Limited
Kuok Khoon Ean
Chairman

Hong Kong, 24 September 2008

** For identification purpose only*