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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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.

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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](http://www.kerryprops.com)

(Stock Code: 00683)

**CONNECTED TRANSACTIONS  
RELATING TO  
THE ESTABLISHMENT OF JOINT VENTURE  
FOR THE ACQUISITION, HOLDING AND  
DEVELOPMENT OF LAND IN TANGSHAN CITY,  
HEBEI PROVINCE, PRC  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**



**First Shanghai Capital Limited**

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A letter from the Board is set out on pages 6 to 15 of this circular. A letter from the Independent Board Committee is set out on pages 16 and 17 of this circular. A letter from First Shanghai containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 26 of this circular.

A resolution will be proposed at the Special General Meeting of Kerry Properties Limited to be held at Island Ballroom, Level 5, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong on Tuesday, 31 March 2009 at 3:00 p.m. to approve the matters referred to in this circular.

The notice convening the Special General Meeting is set out on pages 32 and 33 of this circular. A form of proxy for use at the Special General Meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to Tricor Abacus Limited, the Company's branch share registrar and transfer office in Hong Kong, of 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Special General Meeting.

\* for identification purpose only

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## DEFINITIONS

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

“Affiliates”	any subsidiary or holding company of a company 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(s);
“Associated Corporations”	has the meaning ascribed to it in Part XV of the SFO;
“associates”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Business Day”	a day (excluding Saturday and Sunday) on which banks in Hong Kong are generally open for business;
“Bye-laws”	the bye-laws of the Company;
“circular”	this circular, including the appendix hereto;
“Company”	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;
“connected person”	has the meaning ascribed to it in the Listing Rules;
“connected transactions”	has the meaning ascribed to it in the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules;
“Deposit”	RMB239 million paid on 4 February 2009 for the purpose of bidding for the Project Sites;
“Directors”	the directors of the Company;

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## DEFINITIONS

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“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;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of PRC;
“Independent Board Committee”	the independent committee of the Board consisting of all the independent non-executive Directors;
“Independent Financial Adviser” or “First Shanghai”	First Shanghai Capital Limited, a licensed corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activity, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions;
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the Special General Meeting to consider and, if thought fit, approve the Transactions;
“JIPL”	Jeston Investments Pte Ltd, a company incorporated in Singapore with limited liability and a direct wholly-owned subsidiary of APL;
“JVCO(s)”	one or two wholly foreign-owned enterprise(s) to be established by the Parties in Tangshan City, Hebei Province, PRC for the purpose of acquiring, holding and developing the Project Sites;
“KB”	Kuok Brothers Sdn. Bhd., a company incorporated in Malaysia with limited liability;
“KB Group”	KB and its subsidiaries;

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## DEFINITIONS

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“KHL”	Kerry Holdings Limited, a company incorporated in Hong Kong with limited liability, which as at the Latest Practicable Date is the controlling shareholder of each of the Company and SA;
“KPCL”	Kerry Properties (China) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“KPL Resolution”	the resolution to ratify, confirm and approve the Transactions by the Independent Shareholders at the Special General Meeting;
“KSL”	Kuok (Singapore) Limited, a company incorporated in Singapore, being the controlling shareholder of APL;
“Latest Practicable Date”	27 February 2009, 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;
“Master Joint Venture Agreement”	the master joint venture agreement dated 11 February 2009 entered into between the Parties with respect to, amongst other things, the establishment of the JVCO(s) for the acquisition and development of the Project Sites;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 to the Listing Rules;
“Parties”	collectively, KPCL, JIPL, SACL and WTIL, and “Party” shall mean any of them;
“PRC”	the People’s Republic of China;

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## DEFINITIONS

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“Project Sites”	the following sites with a gross site area of 94,768.13 sq.m.:
	(i) Land no. 1 located at the west of Da Li Road, the north of Chang Hong Street, Feng Huang Xin Cheng, Tangshan City, Hebei Province, PRC (中國河北省唐山市鳳凰新城區大里路西側、長虹道北側地塊(地塊編號：1)) with a gross area of 18,912.19 sq.m.; and
	(ii) Land no. 2 located at the west of Da Li Road, the south of Chaoyang Street, Feng Huang Xin Cheng, Tangshan City, Hebei Province, PRC (中國河北省唐山市鳳凰新城區大里路西側、朝陽道南側地塊(地塊編號：2)) with a gross area of 75,855.94 sq.m.;
“RMB”	Renminbi, the lawful currency of 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 Group”	SA and its subsidiaries;
“SACL”	Shangri-La China Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of SA;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGX”	the Singapore Exchange Securities Trading Limited;
“Shang Holdings”	Shang Holdings Limited, a company incorporated in Samoa, which is an indirect wholly-owned subsidiary of SA;
“Shareholders”	holders of the Shares;
“Shares”	ordinary shares of HK\$1.00 each in the capital of the Company;

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## DEFINITIONS

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“Shareholders’ Agreements”	the shareholders’ agreements to be entered into by the Parties in relation to the establishment of the JVCO(s);
“Special General Meeting”	the special general meeting of the Company to be held at Island Ballroom, Level 5, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong on Tuesday, 31 March 2009 at 3:00 p.m. at which the KPL Resolution will be proposed, the notice of which is set out on pages 32 and 33 of this circular;
“sq.m.”	square metres;
“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);
“Transactions”	the entering into of the Master Joint Venture Agreement by the Parties and the transactions contemplated thereunder, including but not limited to the establishment of the JVCO(s) and the entering into of the Shareholders’ Agreements and the Articles of Association by the Parties and the transactions contemplated thereunder;
“WTIL”	Winson Terrace International Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of KB; and
“%”	per cent.

*Note: In this circular, amounts denominated in RMB have been converted into HK\$ at the rate of RMB0.88 = HK\$1.00 for illustration purpose only. Such translation should not be construed as a representation that the relevant amounts have been, could have been, or could be, converted at that or any other rate or at all.*

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LETTER FROM THE BOARD

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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)**

**Directors:**

Mr. KUOK Khoon Chen<sup>+</sup> (*Chairman*)

Mr. WONG Siu Kong<sup>+</sup>

*(President & Chief Executive Officer)*

Mr. HO Shut Kan<sup>+</sup>

Mr. MA Wing Kai, William<sup>+</sup>

Mr. SO Hing Woh, MBE, JP<sup>+</sup>

Mr. CHAN Wai Ming, William

Mr. QIAN Shaohua

Mr. KU Moon Lun<sup>#</sup>

Mr. LAU Ling Fai, Herald<sup>#</sup>

Ms. WONG Yu Pok, Marina, JP<sup>#</sup>

Mr. TSE Kai Chi<sup>@</sup>

**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

4 March 2009

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

Dear Sir or Madam,

**CONNECTED TRANSACTIONS  
RELATING TO  
THE ESTABLISHMENT OF JOINT VENTURE  
FOR THE ACQUISITION, HOLDING AND  
DEVELOPMENT OF LAND IN TANGSHAN CITY,  
HEBEI PROVINCE, PRC  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**1. INTRODUCTION**

Reference is made to the announcement issued by the Company dated 4 February 2009 in relation to the payment of Deposit for joint bid of land in Tangshan City, Hebei Province, PRC.

<sup>+</sup> *Executive Director*

<sup>#</sup> *Independent Non-executive Director*

<sup>@</sup> *Non-executive Director*

<sup>\*</sup> *for identification purpose only*

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## LETTER FROM THE BOARD

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On 11 February 2009, the Board announced that the Parties submitted a bid at the open bidding to acquire the land use rights of the Project Sites and the bid was successful on 11 February 2009. The consideration for the acquisition of the Project Sites is approximately RMB377 million (approximately HK\$428 million) and will be settled in cash. The Deposit of RMB239 million paid on 4 February 2009 will be applied as part payment of the consideration of RMB377 million (approximately HK\$428 million) for the acquisition and the balance of which shall be payable in accordance with the land contracts to be entered into with the relevant Tangshan authorities.

Immediately following the successful biddings of the Project Sites, the Parties entered into the Master Joint Venture Agreement on 11 February 2009 pursuant to which the Parties will establish one or two JVCO(s) for the acquisition, holding and development of the Project Sites and enter into the Shareholders' Agreements and the Articles of Association in connection with the establishment of the JVCO(s).

KPCL is an indirect wholly-owned subsidiary of the Company. 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 the Company and therefore APL is a connected person of the Company. JIPL is a direct wholly-owned subsidiary of APL. KHL is the controlling shareholder of both the Company and SA. SA is an associate of KHL and therefore SA is a connected person of the Company. SACL is an indirect wholly-owned subsidiary of SA. KB is entitled to indirectly exercise 49% of the voting power at general meetings of a 51%-owned subsidiary of the Company and is therefore a connected person of the Company. WTIL is an indirect wholly-owned subsidiary of KB.

The purpose of this circular is to provide you with, *inter alia*, further information in respect of the Transactions and other information prescribed by the Listing Rules. This circular also contains (i) a letter of advice from First Shanghai to the Independent Board Committee and the Independent Shareholders in respect of the Transactions; (ii) a letter of advice containing the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Transactions; and (iii) a notice of the Special General Meeting.

## 2. DETAILS OF THE MASTER JOINT VENTURE AGREEMENT

The principal terms of the Master Joint Venture Agreement are as follows:

<b>Date:</b>	11 February 2009
<b>Parties:</b>	KPCL, JIPL, SACL and WTIL
<b>Formation of Joint Venture:</b>	The Parties shall establish one or two JVCO(s) to acquire and develop the Project Sites.

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## LETTER FROM THE BOARD

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- Shareholdings in the JVCO(s):** The shareholdings of KPCL, JIPL, SACL and WTIL in the JVCO(s) shall be in the proportions of 40%, 25%, 20% and 15%, respectively.
- Names of the JVCO(s):** To be determined by the Parties
- Shareholders of the JVCO(s):** KPCL, JIPL, SACL and WTIL
- Registered Capital:** The total amount of the registered capital of the JVCO(s) will be no less than the purchase price of the Project Sites or such other amount to be agreed among the Parties, which will be contributed by the Parties on a pro rata basis based on their respective shareholdings in the JVCO(s).
- Maximum Total Investment Amount:** The maximum total investment amount of the JVCO(s) shall be RMB2,136 million (approximately HK\$2,427 million), which was decided by the Parties based on the current estimate of the costs required for developing the Project Sites. According to KPCL's shareholding in the JVCO(s), KPCL's approximate share of the maximum total investment amount is RMB854.4 million (approximately HK\$971 million).
- Scope of Business of the JVCO(s):** Real estate development, operation, sale, leasing, property management and/or hotel development, operation and management.
- Funding and Provision of Securities:** The sources and terms of future funding requirements of the JVCO(s) shall be determined by the boards of directors of the JVCO(s) from time to time. If any funding by banks, financial institutions or other third parties is required, each 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(s) and/or the provision of several corporate guarantees and indemnities by the Parties) on a pro rata and several basis based on its equity interest in the JVCO(s) as such lender(s) and the Parties may agree. If shareholders' funding is required, each 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(s).

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## LETTER FROM THE BOARD

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In the event that any respective funding to be provided by the Parties is in the form of shareholders' loans, such shareholders' loans:

- (a) shall be non-revolving (unless the shareholders of the JVCO(s) agree otherwise);
- (b) shall only be repaid subject to, inter alia, any restrictions imposed by banks or financial institutions which have extended loans or facilities to the JVCO(s);
- (c) shall only be repaid to the shareholders of the JVCO(s) on a pro rata basis in accordance with their then respective equity interests in the JVCO(s) (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 JVCOs shall agree.

**Conditions Precedent:**

The Master Joint Venture Agreement, the establishment of the JVCO(s) and the performance of the Shareholders' Agreements and the Articles of Association are conditional upon:

- (a) the approval by the Independent Shareholders; and
- (b) all necessary approvals from the relevant PRC authorities for the establishment of the JVCO(s) having been obtained.

None of the above conditions may be waived by the Parties.

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## LETTER FROM THE BOARD

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- Termination of Joint Venture:**
- (a) In the event that the Company is not able to obtain approval from the Independent Shareholders or the special general meeting to be convened by the Company approving the same is not held on or before 31 December 2009 or such later date as the Parties shall agree, KPCL may terminate the arrangement in relation to the JVCO(s) by notice in writing to the other Parties and upon such termination, KPCL may either (i) itself (or through any of its Affiliates) acquire the entire interest in the JVCO(s); or (ii) introduce third party(ies) to acquire the respective interests held by the other Parties or any of their respective Affiliates in the JVCO(s), and reimburse them on any payment made or expenses incurred in connection with, *inter alia*, the acquisition of the Project Sites or the establishment of the JVCO(s) to acquire the Project Sites within 7 Business Days from the date of termination.
  
  - (b) 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 Parties shall agree, any Party may terminate the arrangement in relation to the JVCO(s) by notice in writing to the other Parties. Upon termination, KPCL may either (i) itself (or through any of its Affiliates) acquire the entire interest in the JVCO(s); or (ii) introduce third party(ies) to acquire the respective interests held by the other Parties or any of their respective Affiliates in the JVCO(s), and reimburse them on any payment made or expenses incurred in connection with, *inter alia*, the acquisition of the Project Sites or the establishment of the JVCO(s) to acquire the Project Sites within 7 Business Days from the date of termination.

The Company will comply with the requirements of the Listing Rules if the event as referred to in (a) or (b) above happens.

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## LETTER FROM THE BOARD

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The Company, APL, SA and KB also entered into a termination deed terminating the master joint venture agreement dated 21 July 2008. This master joint venture agreement was entered into for the purpose of the establishment of joint venture companies for developing the land which the Parties acquired previously but was subsequently relinquished as referred to in the Company's announcement dated 15 January 2009.

### 3. FINANCIAL EFFECTS OF THE TRANSACTIONS

Based on the maximum total investment amount in the JVCO(s) of RMB2,136 million (approximately HK\$2,427 million), the maximum contributions of KPCL to JVCO(s) is expected to be approximately RMB854.4 million (approximately HK\$971 million).

The consideration for the acquisition of the Project Sites has been arrived at following a successful bid by the Parties at an open bidding after taking into account the location and potential value of the Project Sites. It is currently expected that the funding required by the Company for making the maximum contribution to the JVCO(s) will be sourced by the Company from its internal cash reserves and/or external bank borrowings. The Company 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 Group.

Following completion of the Transactions, JVCO(s) will become 40% owned associate company(ies) of the Group and will be so treated in the consolidated financial statements of the Company.

### 4. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

As stated in the announcement issued by the Company dated 4 February 2009, since the size of the Project Sites is smaller (representing approximately one-third of the gross site area of those available previously) and the designated uses of the Project Sites are for hotel and residential with ancillary commercial use, the Company believe that the investment related to the development of the Project Sites will be more appropriate given the current market conditions. With the combined experience, standing and expertise of the Group, the APL Group, the SA Group and the KB Group in hotel, commercial and residential projects, the development of the Project Sites is expected to enhance the value of the Shareholders and provide recurrent income for the Group.

In connection with the development and project management of the Project Sites, it is expected that the Group will provide certain on-going project development, construction management and project consultancy services to the JVCO(s) during the period of construction of the Project Sites at an aggregate fee of not more than 2% of the total construction costs. Besides, it is currently contemplated by the Parties that a hotel will be built on one of the Project Sites. 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. In this connection, the Company will comply with the relevant requirements under the Listing Rules.

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## LETTER FROM THE BOARD

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### 5. INFORMATION ABOUT THE COMPANY, APL, SA AND KB

The 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.

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

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.

The KB Group is principally engaged in investment holding with interests in companies which are involved in sugar cane cultivation and sugar refining, flour and feed milling, animal feed manufacturing, livestock farming, packaging, oil palm plantations and edible oils trading and refining, commodity trading, hotel operations, shipping, property investment and development, film distribution and exhibition, chemicals trading, environmental engineering and waste management, grains trading, insurance, reinsurance and insurance broking as well as general trading.

### 6. IMPLICATIONS UNDER THE LISTING RULES

KPCL is an indirect wholly-owned subsidiary of the Company. 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 the Company and therefore APL is a connected person of the Company. JIPL is a direct wholly-owned subsidiary of APL. KHL is the controlling shareholder of both the Company and SA. SA is an associate of KHL and therefore SA is a connected person of the Company. SACL is an indirect wholly-owned subsidiary of SA. KB is entitled to indirectly exercise 49% of the voting power at general meetings of a 51%-owned subsidiary of the Company and is therefore a connected person of the Company. WTIL is an indirect wholly-owned subsidiary of KB.

Accordingly, the Transactions constitute connected transactions for the Company under the Listing Rules. As the maximum contribution of the Group to the JVCO(s) exceeds 2.5% of the market capitalization of the Company, the Transactions are subject to the approval of the Independent Shareholders.

The Independent Board Committee has been established by the Board to consider the Transactions and to advise the Independent Shareholders. First Shanghai has been appointed by the Company to make recommendations to the Independent Board Committee and the Independent Shareholders in relation to the Transactions.

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## LETTER FROM THE BOARD

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### 7. RECOMMENDATIONS

Having taken into account the recommendation and advice from First Shanghai in relation to the Master Joint Venture Agreement and the Transactions (as contained in the letter from First Shanghai set out on pages 18 to 26 of this circular), the Independent Board Committee is of the view that the Master Joint Venture Agreement is on normal commercial terms and the terms of which are fair and reasonable, and that the Transactions are in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole and so far as the Independent Shareholders are concerned. Accordingly, the Directors (including the independent non-executive Directors) consider that the Master Joint Venture Agreement is on normal commercial terms and the terms of which are fair and reasonable, and that the Transactions are in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 16 and 17 of this circular, which contains its recommendation to the Independent Shareholders, and the letter from First Shanghai set out on pages 18 to 26 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Transactions.

Both the Independent Board Committee and First Shanghai recommend the Independent Shareholders to vote in favour of the KPL Resolution to be proposed at the Special General Meeting. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the KPL Resolution to be proposed at the Special General Meeting.

### 8. VOTING BY POLL

The KPL Resolution set out in the notice of the Special General Meeting will be decided by poll in accordance with the Listing Rules and the Bye-laws. The chairman of the Special General Meeting will explain the detailed procedures for conducting a poll at the commencement of the Special General Meeting.

The Company will publish an announcement on the poll results with respect to whether or not the KPL Resolution has been passed by the Independent Shareholders on the Company's website at [www.kerryprops.com](http://www.kerryprops.com) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) after the conclusion of the Special General Meeting.

### 9. GENERAL

Notice of the Special General Meeting is set out on pages 32 and 33 of this circular. At the Special General Meeting, the KPL Resolution will be proposed to confirm, ratify and approve the Transactions.

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## LETTER FROM THE BOARD

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A form of proxy for use at the Special General Meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to Tricor Abacus Limited, the Company's branch share registrar and transfer office in Hong Kong, of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Special General Meeting. Completion and return of the accompanying form of proxy will not prevent you from attending and voting at the Special General Meeting should you so wish.

Under the Listing Rules, any connected person of the Company with a material interest in the Transactions, and any other Shareholders and their respective associates with a material interest in the Transactions, shall abstain from voting on the KPL Resolution.

Pursuant to the Listing Rules, the following persons (the "Abstaining Shareholders") shall abstain from voting on the KPL Resolution at the Special General Meeting:

- (i) KB, KHL, KSL, Shang Holdings (an indirect wholly-owned subsidiary of SA which is not involved in the Transactions) and their respective associates, which are interested in 798,752,564 Shares (representing approximately 55.97% of all Shares in issue) as at the Latest Practicable Date;
- (ii) Mr. Kuok Khoon Chen (a common director of the Company, KB and KHL who holds an interest in the Company) and his associates, who are interested in 10,975,141 Shares (representing approximately 0.77% of all Shares in issue) as at the Latest Practicable Date; and
- (iii) Mr. Wong Siu Kong's (a common director of the Company and KHL) associate which is interested in 50,000 Shares (representing approximately 0.004% of all the Shares in issue) as at the Latest Practicable Date.

As far as the Directors are aware, having made all reasonable enquiries, as at the Latest Practicable Date:

- (i) the Abstaining Shareholders controlled or were entitled to exercise control over the voting rights in respect of their respective Shares;
- (ii) there were no voting trusts or other agreements or arrangements or understandings (other than an outright sale) entered into by or binding upon the Abstaining Shareholders; and there were no obligations or entitlements of the Abstaining Shareholders, whereby such persons have or might have temporarily or permanently passed control over the exercise of the voting right in respect of their Shares to third parties, either generally or on a case-by-case basis; and

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## LETTER FROM THE BOARD

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- (iii) there were no discrepancies between the beneficial shareholding interests in the Company of the Abstaining Shareholders and the number of Shares in respect of which they would control or would be entitled to exercise control over the voting right at the Special General Meeting.

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**  
**Kuok Khoon Chen**  
*Chairman*



# KERRY PROPERTIES LIMITED

*(Incorporated in Bermuda with limited liability)*

嘉里建設有限公司\*

*website: www.kerryprops.com*

**(Stock Code: 00683)**

***Independent Board Committee:***

Mr. LAU Ling Fai, Herald (*Chairman*)

Mr. KU Moon Lun

Ms. WONG Yu Pok, Marina, JP

***Registered Office:***

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

4 March 2009

*To the Independent Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTIONS  
RELATING TO  
THE ESTABLISHMENT OF JOINT VENTURE  
FOR THE ACQUISITION, HOLDING AND  
DEVELOPMENT OF LAND IN TANGSHAN CITY,  
HEBEI PROVINCE, PRC  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

We refer to the circular of which this letter forms part. Terms defined in the circular shall have the same meanings when used herein unless the context otherwise requires.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in our opinion, (a) the Master Joint Venture Agreement is on normal commercial terms and the terms of which are fair and reasonable; and (b) the Transactions are in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole and so far as the Independent Shareholders are concerned. First Shanghai has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Transactions.

\* *for identification purposes only*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the recommendation and advice of First Shanghai, in our opinion, (a) the Master Joint Venture Agreement is on normal commercial terms and the terms of which are fair and reasonable; and (b) the Transactions are in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole and so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the KPL Resolution, which will be proposed as an ordinary resolution at the Special General Meeting.

Yours faithfully,

**The Independent Board Committee  
of Kerry Properties Limited**  
**Mr. LAU Ling Fai, Herald** (*Chairman*)  
**Mr. KU Moon Lun**  
**Ms. WONG Yu Pok, Marina**

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## LETTER FROM FIRST SHANGHAI

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*The following is the text of a letter received from First Shanghai setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Transactions for inclusion in this circular.*



**FIRST SHANGHAI CAPITAL LIMITED**

19/F, Wing On House  
71 Des Voeux Road Central  
Hong Kong

4 March 2009

*To the Independent Board Committee  
and the Independent Shareholders*

Dear Sirs or Madams,

**CONNECTED TRANSACTIONS  
RELATING TO  
THE ESTABLISHMENT OF JOINT VENTURE  
FOR THE ACQUISITION, HOLDING AND  
DEVELOPMENT OF LAND IN TANGSHAN CITY,  
HEBEI PROVINCE, PRC**

### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Master Joint Venture Agreement in relation to the establishment of the JVCO(s) and the entering into of the Shareholders' Agreements and the Articles of Association, details of which are set out in the circular of the Company dated 4 March 2009 (the "Circular"), of which this letter forms a part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Circular.

As at the Latest Practicable Date, (i) KSL was interested in approximately 34.1% of the issued share capital of APL and 33% of the issued share capital of a non-wholly owned subsidiary of the Company; (ii) KHL was the controlling shareholder of the Company and SA; and (iii) KB was entitled to indirectly exercise 49% of the voting power at the general meetings of another non-wholly owned subsidiary of the Company. Accordingly, APL, SA and KB are connected persons of the Company pursuant to the Listing Rules and the Transactions constitute connected transactions for the Company under the Listing Rules which are subject to the approval of the Independent Shareholders by way of poll at the Special General Meeting.

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## LETTER FROM FIRST SHANGHAI

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The Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. Lau Ling Fai, Herald, Mr. Ku Moon Lun and Ms. Wong Yu Pok, Marina, has been established to advise the Independent Shareholders on the Transactions. We, First Shanghai Capital Limited, have been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in this regard.

In putting forth our opinion and recommendations, we have relied on the accuracy of the information and representations included in the Circular and provided to us by the Directors and the Group, and have assumed that all such information and representations made or referred to in the Circular and provided to us by the Directors and the Group were true at the time they were made and continued to be true up to the time of the holding of the Special General Meeting. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Group and have been advised by the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have sought confirmation from the Directors that no material facts or information have been omitted from the information supplied and/or opinions expressed. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the Group nor have we conducted any form of investigation into the business, affairs or future prospects of the Group.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion and recommendations, we have taken into account the following principal factors and reasons:

#### **1. Background to and reasons for the entering into of the Master Joint Venture Agreement**

##### *Information on the Group*

The 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.

As disclosed in the interim report of the Company for the six months ended 30 June 2008 (the “2008 Interim Report”), the turnover of the Group for the six months ended 30 June 2008 of approximately HK\$7,227.9 million was principally contributed by the sales of properties in PRC and Hong Kong, and the revenue from its logistics and warehouse

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## LETTER FROM FIRST SHANGHAI

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operations; while the Group's operating profit for the six months ended 30 June 2008 of approximately HK\$3,384.1 million was mainly contributed by the sales of properties in PRC and Hong Kong, the rental income from investment properties in PRC and Hong Kong, and the increase in fair value of investment properties. As at 30 June 2008, the Group maintained an investment property portfolio of residential, commercial and office properties in PRC and Hong Kong with an aggregate gross floor area ("GFA") of approximately 4.65 million square feet ("sq.ft.") (equivalent to approximately 0.43 million sq.m.) and 2.82 million sq.ft. (equivalent to approximately 0.26 million sq.m.) respectively. As advised by the management of the Group, the Group's attributable interest in property under development in PRC had a total GFA of approximately 35.9 million sq.ft. (equivalent to approximately 3.34 million sq.m.) as at 30 June 2008, which were located in various cities of PRC including Shanghai, Shenzhen, Hangzhou, Tianjin, Beijing, Shenyang and Chengdu, etc. The Group also stated in the 2008 Interim Report that its PRC property division's ongoing focus is to develop premium-quality mixed-use property projects so as to expand the proportion of leased properties under its operation.

### *Background of the Project Sites*

On 21 July 2008, Tangshan City Land Resources Bureau issued confirmation notices to the Parties confirming the winning of the open bidding to acquire the land use rights of sites (the "Previous Project Sites") with a gross site area of approximately 295,013.83 sq.m. in Tangshan City of Hebei Province in PRC. Among the three plots of land in the Previous Project Sites, one was for hotel use and the other two were for residential use with ancillary commercial use. In view of the successful bidding, the Company, APL, SA and KB entered into a master joint venture agreement (the "Previous Master Joint Venture Agreement") to procure the Parties to establish one or more joint venture companies, in the shareholding proportions of 40%, 25%, 20% and 15% respectively, for the acquisition, holding and development of the Previous Project Sites and to enter into the shareholders' agreements and articles of association in connection with the establishment of the joint venture companies and the development of the Previous Project Sites. Details of the Previous Project Sites and the Previous Master Joint Venture Agreement are contained in the announcement of the Company dated 22 July 2008 and the circular of the Company dated 12 August 2008. The entering into of the Previous Master Joint Venture Agreement and the transactions contemplated thereunder, among others, were approved by the then independent Shareholders at the special general meeting of the Company held on 4 September 2008.

On 15 January 2009, the Parties entered into a cancellation agreement with Tangshan City Land Resources Transactions Centre to relinquish their rights to acquire the land use rights of the Previous Project Sites. As set out in the announcement of the Company dated 15 January 2009 (the "January Announcement"), in light of the then market conditions and the size of investment required for developing the Previous Project Sites, the Company, APL, SA and KB decided to adopt a more conservative approach in relation to the Previous Project Sites, which is a large-scale development. As the relevant government authorities in Tangshan City only agreed to allow the Parties to surrender the

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whole Previous Project Sites, instead of surrendering part of the Previous Project Sites, the Company, APL, SA and KB relinquished their rights to acquire the land use rights of the Previous Project Sites. Since the Group remained interested in investing in Tangshan City, as stated in the January Announcement, it might consider bidding for part of the Previous Project Sites if the Previous Project Sites were released for open bidding on acceptable terms. Details of the relinquishment of the Previous Project Sites are contained in the January Announcement.

On 4 February 2009, the Parties jointly submitted an application, paid the Deposit of RMB239.0 million to Tangshan City Land Resources Transactions Center to participate in the open bidding of the land use rights of the Project Sites with a gross site area of 94,768.13 sq.m., which represent approximately one-third of the gross site area of the Previous Project Sites, and entered into a joint bid agreement. In accordance with the terms of the joint bid agreement, the Parties paid the Deposit in accordance with their percentage interests in the bid of 40%, 25%, 20% and 15% respectively. Details of the submission of the application and the payment of the Deposit are contained in the announcement of the Company dated 4 February 2009.

### *Information of the APL Group*

APL is a company listed on SGX and the APL Group is principally engaged in property development and investment and project management. Although the business focus of the APL Group is on residential property development in Singapore, the APL Group has also established a number of joint ventures with the Group and other parties to participate in the development of mixed-use development projects in Shanghai, Tianjin, Chengdu, Qinhuangdao, Shenyang and Nanjing of PRC. Among which, the SA Group is also a party in the projects in Shanghai, Tianjin and Nanjing.

### *Information of the SA Group*

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.

As advised by the management of the Group, the Group and the SA Group have jointly invested in seven projects in PRC since 1996. Two of the seven projects have completed and have been in operation since 1998, they are Beijing Kerry Centre and Shangri-La's Kerry Centre Hotel in Beijing, and the Shanghai Kerry Centre in Shanghai. The other five projects under development are mixed-use development projects located in Jingan and Pudong District of Shanghai, Hedong District of Tianjin, Nanchang of Jiangxi Province and Nanjing of Jiangsu Province. Among the five projects under development, the APL Group is also a party in the project in Pudong District of Shanghai, the project in Hedong District of Tianjin and the project in Nanjing of Jiangsu Province.

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## LETTER FROM FIRST SHANGHAI

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### *Information of the KB Group*

The KB Group is principally engaged in investment holding with interests in companies which are involved in sugar cane cultivation and sugar refining, flour and feed milling, animal feed manufacturing, livestock farming, packaging, oil palm plantations and edible oils trading and refining, commodity trading, hotel operations, shipping, property investment and development, film distribution and exhibition, chemicals trading, environmental engineering and waste management, grains trading, insurance, reinsurance and insurance broking as well as general trading.

The Group and the KB Group have entered into a joint venture agreement to invest in a project in relation to the ownership, operation and maintenance of certain water treatment facilities in Hohhot Municipality, Inner Mongolia Autonomous Region in PRC.

### *Reasons for the entering into of the Master Joint Venture Agreement*

As set out in the letter from the Board in the Circular, the size of the Project Sites is smaller, representing approximately one-third of the gross site area of the Previous Project Sites, and the designated uses of the Project Sites are for hotel and residential with ancillary commercial use where the Board considers that the investment related to the development of the Project Sites is more appropriate in the current market conditions. In addition, it is expected that, with the combined experience, standing and expertise of the Group, the APL Group, the SA Group and the KB Group in hotel, commercial and residential projects, the development of the Project Sites will enhance the value of the Shareholders and provide recurrent income for the Group.

Having considered that (i) the Group has decided to develop the Previous Project Sites in a more conservative approach, where the Parties had paid a penalty of RMB21.0 million (equivalent to approximately HK\$23.9 million) to surrender the Previous Project Sites; (ii) the Group remains interested in investing in Tangshan City; (iii) the size of the Project Sites is of smaller scale than the Previous Project Sites; (iv) the development of the Project Sites will expand the Group's portfolio of property under development in PRC; and (v) the Group has experience in cooperating with the APL Group, the SA Group and the KB Group to co-invest in various projects in PRC, we are of the view that the Transactions are in the ordinary and usual course of business of the Company; and are in the interests of the Company and the Shareholders as a whole.

## **2. Information on the JVCO(s) and the Project Sites**

Pursuant to the terms of the Master Joint Venture Agreement, the Parties will establish one or two JVCO(s) to acquire and develop the Project Sites and to enter into the Shareholders' Agreements and the Articles of Association. The scope of business of the JVCO(s) will be real estate development, operation, sale, leasing, property management and/or hotel development, operation and management.

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The Project Sites comprise two plots of land in Tangshan City, Hebei Province, PRC with a gross site area of 94,768.13 sq.m., including (i) the land located at the west of Da Li Road, the north of Chang Hong Street, Feng Huang Xin Cheng, Tangshan City, Hebei Province, PRC with a gross site area of 18,912.19 sq.m. with a term of 40 years for hotel use; and (ii) the land located at the west of Da Li Road, the south of Chaoyang Street, Feng Huang Xin Cheng, Tangshan City, Hebei Province, PRC with a gross site area of 75,855.94 sq.m. with a term of 70 years for residential use and 40 years for commercial use.

The consideration for the acquisition of the Project Sites (the “Consideration”) is approximately RMB377.0 million (equivalent to approximately HK\$428.4 million), which was arrived at following a successful bid by the Parties through an open bidding process. Part of the Consideration will be satisfied by the Deposit already paid by the Parties, and the Parties will pay the remaining balance of the Consideration in accordance with the land contracts to be entered into with the relevant Tangshan authorities.

Pursuant to the terms of the Master Joint Venture Agreement, the Parties shall agree on the development plan of the Project Sites prior to the establishment of the JVCO(s). During the period of construction of the Project Sites, it is expected that the Group will provide certain on-going project development, construction management and project consultancy services to the JVCO(s) at an aggregate fee of not more than 2% of the total construction costs. In addition, it is expected that a hotel will be built on one of the Project Sites and the SA Group will provide certain on-going hotel management services during the period of operation of such hotel. As at the Latest Practicable Date, no agreement has been entered into in respect of the provision of services mentioned above.

### **3. Major terms of the Master Joint Venture Agreement**

#### *Registered capital and maximum total investment amount of the JVCO(s)*

Pursuant to the terms of the Master Joint Venture Agreement, the registered capital of the JVCO(s) will be no less than the Consideration or such other amount to be agreed among the Parties; and the maximum total investment amount of the JVCO(s) shall be not more than RMB2,136.0 million (equivalent to approximately HK\$2,427.3 million) which was decided by the Parties based on the current estimation of the costs required for developing the Project Sites (including the Consideration). The Parties shall contribute to the registered capital and the total investment amount of the JVCO(s) on a pro rata basis based on their respective shareholdings in the JVCO(s). Accordingly, the Group’s share of the maximum total investment amount in the JVCO(s) will be approximately RMB854.4 million (equivalent to approximately HK\$970.9 million).

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### *Funding arrangement of the JVCO(s)*

Pursuant to the terms of the Master Joint Venture Agreement, the sources and terms of future funding requirements of the JVCO(s) shall be determined by the boards of directors of the JVCO(s) from time to time. If the source of funding is from third parties where the third parties require the provision of collateral, security, corporate guarantees and indemnities or other forms of financial assistance, the Parties shall provide such financial assistance on a pro rata and several basis in accordance with their respective shareholding in the JVCO(s). On the other hand, if the funding is from the shareholders of the JVCO(s), such as in the form of shareholders' loans, the Parties shall provide such funding on a pro rata and several basis in accordance with their respective shareholding in the JVCO(s).

### *Profit sharing of the JVCO(s)*

According to the terms of the Master Joint Venture Agreement, the Parties shall share the profit of the JVCO(s) on a pro rata basis in accordance with their respective shareholding in the JVCO(s).

Having considered that each Party's contribution to the registered capital, the total investment amount, future funding of the JVCO(s), if required, and sharing of profit of the JVCO(s) are based on their respective shareholding in the JVCO(s), we are of the opinion that the Master Joint Venture Agreement is on normal commercial terms and the terms of which are fair and reasonable.

## **4. Financial effect of the Transactions**

### *Net asset value*

Upon the JVCO(s) has been established, the JVCO(s) will become associated company(ies) of the Group and their results and financial positions will be equity accounted for in the Group's consolidated financial statements. As the JVCO(s) will be a new start up and each of the Parties shall contribute the registered capital and total investment amount of the JVCO(s) in proportion to their respective equity interest, the investment by the Group in the JVCO(s) is not expected to have any significant immediate effect on the net assets of the Group.

### *Working capital and gearing*

As stated in the 2008 Interim Report, the cash and bank balances, current assets and current liabilities of the Group were approximately HK\$3,942.8 million, HK\$12,945.7 million and HK\$6,533.7 million respectively as at 30 June 2008. The Group had total undrawn bank loan and overdraft facilities and capital commitments of approximately HK\$6,889.0 million and HK\$6,399.2 million as at 30 June 2008.

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The Group's proportionate maximum total investment amount in the JVCO(s) of approximately RMB854.4 million (equivalent to approximately HK\$970.9 million) is currently expected to be financed by its internal cash resources and/or external bank borrowings. However, the Group is not able to ascertain the proportion between internal cash resources and external bank borrowings at this stage. Taken into account the cash position, available bank facilities and capital commitment of the Group as at 30 June 2008, the Group's share of the maximum total investment amount in the JVCO(s) is not expected to have any significant adverse effect on the working capital of the Group.

As set out in the 2008 Interim Report, the gearing ratio of the Group as at 30 June 2008 was approximately 26.8%, calculated based on the Group's net debt to equity attributable to the Shareholders. No matter the Group's share of the maximum total investment amount in the JVCO(s) will be financed by internal cash resources and/or external bank borrowings, the gearing ratio of the Group will increase after the payment of the registered capital and/or the total investment amount. However, the Group's share of the maximum total investment amount in the JVCO(s) amounted to approximately RMB854.4 million (equivalent to approximately HK\$970.9 million) is not expected to increase the gearing ratio of the Group significantly.

### *Earnings*

Following the establishment of the JVCO(s), the results of the JVCO(s) will be equity accounted for under share of profit or loss from associated companies in the Group's consolidated income statement. Since the development of the Project Sites is still in early stage, it is not expected that significant contributions will be recorded from the JVCO(s) for the Group in the near future. However, after completion of the development of the Project Sites, it is expected that the JVCO(s) would contribute positively to the Group's future financial performance.

## **DISCUSSION AND ANALYSIS**

The Group's main businesses in PRC include, among others, property development, investment and management, and hotel ownership and operations. One of its focuses is to develop premium-quality property projects so as to expand the property portfolio of the Group in PRC. The Transactions provide an opportunity for the Group to enter into the property development market in Tangshan City, Hebei Province, PRC on a more conservative approach given the current market conditions; and to enrich its portfolio of property development projects in PRC. Having taken into account the extensive cooperation experience between the Group and the other Parties and the terms of the Master Joint Venture Agreement as mentioned above, we are of the view that the Transactions are in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM FIRST SHANGHAI

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Given (i) the Parties will share the benefit and obligation in relation to the development of the Project Sites in proportion to their respective shareholding in the JVCO(s); and (ii) the Group's share of the maximum total investment amount in the JVCO(s) of approximately RMB854.4 million (equivalent to approximately HK\$970.9 million) is not expected to have any significant adverse impact on the financial positions of the Group, we are of the view that the Transactions are on normal commercial terms and the terms of which are fair and reasonable.

### RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that the Master Joint Venture Agreement is on normal commercial terms and the terms of which are fair and reasonable. We consider the Transactions are in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole, and so far as the Independent Shareholders are concerned. Accordingly, we advise, and recommend the Independent Board Committee to advise, the Independent Shareholders to vote in favour of the KPL Resolution to approve the Transactions to be proposed at the Special General Meeting.

Yours faithfully,

For and on behalf of

**First Shanghai Capital Limited**

**Helen Zee**

*Managing Director*

**Fanny Lee**

*Executive Director*

## 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 each of the Directors and the chief executive of the Company 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) Company

Name of Director	Number of Shares		Number of underlying Shares held under equity derivatives <sup>2</sup>	Total	Approximate % of Shareholding <sup>5</sup>
	Personal interests <sup>1</sup>	Other interests <sup>4</sup>			
Mr. KUOK Khoon Chen	1,004	10,974,137	500,000	11,475,141	0.80
Mr. WONG Siu Kong	–	50,000	4,912,000	4,962,000	0.35
Mr. HO Shut Kan	–	50,000	1,700,000	1,750,000	0.12
Mr. MA Wing Kai, William	81,020	50,000	1,480,000	1,611,020	0.11
Mr. SO Hing Woh, MBE, JP	–	50,000	250,000	300,000	0.02
Mr. CHAN Wai Ming, William	4,000	50,000	1,300,000	1,354,000	0.09
Mr. QIAN Shaohua	–	50,000	1,300,000	1,350,000	0.09

## (ii) Associated Corporations

Name of Associated Corporation	Name of Director	Number of ordinary shares			Total	Approximate % of shareholding
		Personal interests <sup>1</sup>	Corporate interests <sup>3</sup>	Other interests <sup>4</sup>		
Kerry Group Limited	Mr. KUOK Khoon Chen	7,651,791	6,500,000	280,286,813	294,438,604	19.27 <sup>6</sup>
	Mr. WONG Siu Kong	4,617,263	8,504,300	–	13,121,563	0.86 <sup>6</sup>
	Mr. HO Shut Kan	1,388,452	–	–	1,388,452	0.09 <sup>6</sup>
	Mr. MA Wing Kai, William	1,010,620	–	–	1,010,620	0.07 <sup>6</sup>
	Mr. CHAN Wai Ming, William	100,000	–	–	100,000	0.01 <sup>6</sup>
	Mr. QIAN Shaohua	500,000	–	–	500,000	0.03 <sup>6</sup>
	Mr. TSE Kai Chi	600,000	–	–	600,000	0.04 <sup>6</sup>
Kerry Siam Seaport Limited	Mr. MA Wing Kai, William	1	–	–	1	0.00
SCMP Group Limited	Mr. KUOK Khoon Chen	8,000	–	20,000	28,000	0.00 <sup>7</sup>
Shang Properties, Inc.	Mr. HO Shut Kan	1,570	–	–	1,570	0.00

*Notes:*

1. This represents interests held by the relevant Director as beneficial owner.
2. This represents interests in options held by the relevant Director as a beneficial owner to subscribe for the relevant underlying Shares in respect of the option shares granted by the Company.
3. This represents interests held by the relevant Director through his controlled corporation(s).
4. This represents interests held by the relevant Director through discretionary trust(s) of which the relevant Director is a contingent beneficiary.
5. The percentage has been adjusted based on the total number of Shares in issue as at the Latest Practicable Date (i.e. 1,427,189,759 Shares).
6. 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. 1,527,684,428 ordinary shares).
7. The percentage has been adjusted based on the total number of ordinary shares of SCMP Group Limited in issue as at the Latest Practicable Date (i.e. 1,560,945,596 ordinary shares).

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

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors and the chief executive 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. DIRECTORS' INTEREST IN THE CONTRACT**

- (a) As at the Latest Practicable Date, no Director was materially interested in any contract or arrangement subsisting which is significant in relation to the business of the Group taken as a whole.
- (b) Since the date to which the latest published audited financial statements of the Group were made up, none of the Directors has or has had any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by any member of the Group.

### **4. 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.

### **5. COMPETING INTERESTS**

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

- (a) Messrs. Kuok Khoon Chen and Wong Siu Kong were directors of subsidiaries of SA and both of them had interests in shares of SA, 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 primarily listed on the main board of the Stock Exchange with secondary listing on SGX as at the Latest Practicable Date; and

- (b) Messrs. Kuok Khoon Chen and Wong Siu Kong were directors of (but both of them did not have any interests in shares in) the China World Trade Center Co., Ltd. group of companies, the businesses of which consisted of property investment and development and hotel ownership and operation in 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 PRC, it is likely that these Excluded Businesses may compete with the property and hotel businesses of the Group in PRC.

The Excluded Businesses are operated and managed by companies (and in the case of SA and China World Trade Co., Ltd., 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.

## 6. EXPERT AND CONSENT

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:

<b>Name</b>	<b>Qualification</b>
First Shanghai	a licensed corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activity

First Shanghai 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.

First Shanghai has confirmed that as at the Latest Practicable Date, it did not have any beneficial 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 2007 (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. NO MATERIAL ADVERSE CHANGE

Since the date to which the latest published audited accounts of the Company have been made up, there has been no material adverse change in the financial or trading position of the Group.

**8. MISCELLANEOUS**

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

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the Master Joint Venture Agreement and the letter from First Shanghai (the text of which is set out in the section of this circular headed “Letter from First Shanghai”) are available for inspection during normal business hours at any weekday (public holidays excepted) at the office of the Company at 13/F, Cityplaza 3, 14 Taikoo Wan Road, Taikoo Shing, Hong Kong up to and including Tuesday, 31 March 2009.

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## NOTICE OF SPECIAL GENERAL MEETING

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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)**

**NOTICE IS HEREBY GIVEN** that a special general meeting of Kerry Properties Limited (the “Company”) will be held at Island Ballroom, Level 5, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong on Tuesday, 31 March 2009 at 3:00 p.m. for the following purposes:

To consider, and if thought fit, passing with or without modification the following resolution as an **ORDINARY RESOLUTION**:

**“THAT**

- (1) the Master Joint Venture Agreement (a copy of which has been produced to this meeting marked “A” and signed by the Chairman hereof for the purpose of identification) and the Transactions be and is hereby confirmed, ratified and approved; and
- (2) the Board be and is hereby authorised to take all such actions as it considers necessary or desirable to implement the Master Joint Venture Agreement and the Transactions.

For the purposes of this resolution, the terms “Master Joint Venture Agreement” and “Transactions” shall have the same definition as defined in the circular to the shareholders of the Company dated 4 March 2009.”

By order of the Board  
**Li Siu Ching, Liz**  
*Company Secretary*

Hong Kong, 4 March 2009

\* *for identification purpose only*

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## NOTICE OF SPECIAL GENERAL MEETING

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*Head Office and Principal Place*

*of Business in Hong Kong:*

13-14/F, Cityplaza 3

14 Taikoo Wan Road

Taikoo Shing

Hong Kong

*Notes:*

- (1) Every member entitled to attend and vote at the above meeting (or at any adjournment thereof) is entitled to appoint up to two individuals as his proxies to attend and vote instead of him. A proxy need not be a member of the Company. The number of proxies appointed by a clearing house (or its nominee) is not subject to the aforesaid limitation.
- (2) Where there are joint registered holders of any share, any one of such persons may vote at the above meeting (or at any adjournment thereof), either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the registers of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member, and several trustees in bankruptcy or liquidators of a member in whose name any share stands will for this purpose be deemed joint holders thereof.
- (3) In order to be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the above meeting (or at any adjournment thereof). Completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person if he so wishes. In the event that a member attends the meeting after having lodged his form of proxy, his form of proxy will be deemed to have been revoked.
- (4) The registers of members of the Company will be closed from Monday, 30 March 2009 to Tuesday, 31 March 2009, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the meeting, all transfers accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at the above address not later than 4:00 p.m. on Friday, 27 March 2009.
- (5) Shareholders are advised to read the circular to the shareholders of the Company dated 4 March 2009 which contains information concerning the resolutions to be proposed in this notice.
- (6) The KPL Resolution to be proposed at the meeting shall be decided by way of a poll.