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KERRY PROPERTIES LIMITED SHANGRI-LA ASIA LIMITED

(Incorporated in Bermuda with limited liability)

嘉里建設有限公司*

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(Stock Code: 00683)

(Incorporated in Bermuda with limited liability)

香格里拉(亞洲)有限公司*

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**DISCLOSEABLE AND
CONNECTED TRANSACTIONS**

CONNECTED TRANSACTIONS

RELATING TO THE ESTABLISHMENT OF JOINT VENTURE FOR THE ACQUISITION, HOLDING AND DEVELOPMENT OF LAND IN LAOBIAN DISTRICT, YINGKOU CITY, LIAONING PROVINCE, PRC

On 5 January 2011, a consortium formed between the JV Parties jointly won the land bids at the public biddings to acquire the land use rights of the Project Sites in Laobian District, Yingkou City, Liaoning Province, PRC. Accordingly, on 5 January 2011, Yingkou City Land Resources Bureau (營口市國土資源局) has issued Confirmation Notices to the JV Parties confirming the winning of the Land Bids for the Project Sites.

Following the successful biddings of the Project Sites, the JV Parties have entered into the Master Joint Venture Agreement on 5 January 2011 to establish one or more JVCO(s) for the acquisition, holding and development of the Project Sites and to enter into the Shareholders' Agreements and the Articles of Association in connection with the establishment of the JVCO(s) and the development of the Project Sites.

KHL is the controlling shareholder of each of KPL and SA. SA is an associate of KHL and therefore a connected person of KPL. KPL is an associate of KHL and therefore a connected person of SA. Accordingly, the entering into of the Transactions constitutes connected transactions for both KPL and SA under the HKSE Listing Rules.

As the applicable percentage ratios for KPL in respect of the maximum total investment amount of the KPL Group to the JVCO(s) exceed 5%, the Transactions are subject to the approval of the KPL Independent Shareholders. In addition, the Transactions constitute discloseable transactions for KPL under Chapter 14 of the HKSE Listing Rules. KPL will despatch to the KPL Shareholders a circular on or around 26 January 2011 containing, among others, further details of the Transactions, a letter of advice from its independent financial adviser to the KPL Independent Board Committee, a letter of advice containing the recommendation of the KPL Independent Board Committee to the KPL Independent Shareholders, and a notice of its special general meeting.

As the applicable percentage ratios for SA in respect of the maximum total investment amount of the SA Group to the JVCO(s) exceed 0.1% but are less than 5%, the Transactions are subject to the announcement and reporting requirements but are exempt from the independent shareholders' approval requirement under the HKSE Listing Rules.

INTRODUCTION

Reference is made to the joint announcement of KPL and SA dated 29 December 2010 regarding the Joint Bid Agreement entered into between KPCL, SACL and WPL in respect of the payment of deposit to acquire the land use rights of the Project Sites in Laobian District, Yingkou City, Liaoning Province, PRC.

The KPL Board and the SA Board are pleased to announce that on 5 January 2011, the JV Parties won the Land Bids. Accordingly, on 5 January 2011, Yingkou City Land Resources Bureau (營口市國土資源局) has issued Confirmation Notices to the JV Parties confirming the winning of the Land Bids.

The Project Sites are designated for residential and commercial uses. The terms for the grant of the land use rights of the Project Sites are 70 years for residential use and 40 years for commercial use.

The Consideration for the acquisition of the Project Sites is approximately RMB1,357.27 million (approximately HK\$1,596.79 million) and will be settled in cash. As disclosed in the Announcement, the Deposit of RMB271.57 million (approximately HK\$319.49 million) has been paid and the balance of the Consideration shall be payable in accordance with the land contracts.

The Project Sites are separate from, and do not relate to, the project sites in Bayuquan, Yingkou City, Liaoning Province, PRC, which have already been acquired by the JV Parties on 21 December 2010, the details of which are set out in the joint announcement of KPL and SA of 21 December 2010.

THE MASTER JOINT VENTURE AGREEMENT

Following the successful biddings of the Project Sites, the JV Parties have entered into the Master Joint Venture Agreement on 5 January 2011 to establish one or more JVCO(s) for the acquisition, holding and development of the Project Sites and to enter into the Shareholders' Agreements and the Articles of Association in connection with the establishment of the JVCO(s) and the development of the Project Sites. The principal terms of the Master Joint Venture Agreement are as follows:-

Date: 5 January 2011

Parties: KPCL, SACL and WPL

To the best of the KPL Directors' knowledge, information and belief having made all reasonable enquiries, WPL is not a connected person of KPL.

To the best of the SA Directors' knowledge, information and belief having made all reasonable enquiries, WPL is not a connected person of SA.

Shareholdings in the JVCO(s): The shareholdings of KPCL, SACL and WPL in the JVCO(s) shall be in the proportions of 40%, 25% and 35%, respectively.

Registered capital : The total amount of the registered capital of the JVCO(s) will be equal to the Consideration or such other amount to be agreed among the JV Parties, which will be contributed by the JV 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 approximately RMB7,508.04 million (approximately HK\$8,832.99 million).

Scope of business of the JVCO(s): Real estate development, operation, sale, leasing and property management.

Funding and provision of securities: The sources and terms of future funding requirements of the JVCO(s) shall be determined by the board(s) of directors of the JVCO(s) 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 on a pro rata and several basis based on its equity interest in the JVCO(s) 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(s).

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) KPL, SA and WIL having obtained the necessary regulatory and shareholders' approval (if any) as required under the HKSE Listing Rules and the SGX Listing Rules (as the case may be), including the passing of the KPL Resolutions; and
- (b) all necessary approvals, consents, authorization and licenses, whether corporate, regulatory, governmental or otherwise required under the relevant Underlying Contracts having been obtained.

None of the above conditions may be waived by the JV Parties. SA and WIL have confirmed that they will not require shareholders' approval in respect of this transaction.

Termination: In the event that the KPL Resolutions are not passed on or before 30 June 2011 or such later date as the JV Parties shall agree, KPCL shall be deemed to have withdrawn from the Master Joint Venture Agreement and the JVCO(s), and SACL and WPL shall themselves acquire the interest held by KPCL in the Deposit, the Project Sites and (if applicable) the JVCO(s) in proportion to their respective interests in the JVCO(s), i.e. the final shareholdings of the JVCO(s) will be SACL/WPL : 42%/58%, and KPCL shall be obliged to transfer such

interest to SACL and WPL. In connection with this, SACL and WPL shall reimburse KPCL or any of its Affiliates for any deposit paid in connection with the acquisition of the Project Sites or the establishment of the JVCO(s) and any other expenses / further funds paid by KPCL for the JVCO(s) in connection therewith within 7 Business Days from the date of such acquisition.

KPL and SA, where appropriate, will comply with the requirements of the HKSE Listing Rules if the KPL Resolutions are not passed.

FINANCIAL EFFECTS OF THE TRANSACTIONS

Based on the maximum total investment amount in the JVCO(s) of approximately RMB7,508.04 million (approximately HK\$8,832.99 million), the maximum total investment amounts of the KPL Group, the SA Group, and the WIL Group to the JVCO(s) are expected to be approximately RMB3,003.22 million (approximately HK\$3,533.20 million), approximately RMB1,877.01 million (approximately HK\$2,208.25 million), and approximately RMB2,627.81 million (approximately HK\$3,091.54 million).

The Consideration has been arrived at following the successful joint bids by the JV Parties at the Land Bids after taking into account the location and potential value of the Project Sites. It is currently expected that the funding required by KPL for making the maximum total investment amounts to the JVCO(s) 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 total investment amounts 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 total investment amounts to the JVCO(s) 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 total investment amounts is not expected to have any material impact on the SA Group.

As the JVCO(s) will be owned by KPCL and SACL as to 40% and 25%, respectively, the JVCO(s) will be treated as associated company(ies) of KPCL and SACL and will be so treated in the consolidated financial statements of KPL and SA.

REASONS FOR THE TRANSACTIONS

Leveraging on its extensive business affiliation and network throughout Mainland China, WIL can assist KPL and SA to acquire quality land and implement projects in second- and third-tier cities. As such, the KPL Directors and the SA Directors believe that WIL is a valuable partner in the joint acquisition and development of the Project Sites. WIL's main contribution to the JVCO(s) will be the sourcing of suitable sites and implementation of the projects, while KPL and SA will use their combined experience, standing and expertise in hotel, commercial and residential properties to develop the Project Sites. Both the KPL Directors and the SA Directors believe that the Transactions will increase the value for KPL Shareholders and SA Shareholders and provide recurrent income for both the KPL Group and the SA Group.

WIL, KPL and SA are in the process of searching for other sites in the PRC and may jointly bid for such sites in the future. KPL and SA will comply with the relevant requirements under the HKSE Listing Rules once the parties enter into any agreement in respect of the bidding of other sites.

INFORMATION ABOUT KPL, SA AND WIL

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.

The WIL Group's business activities include oil palm cultivation, oilseeds crushing, edible oils refining, specialty fats, oleochemicals and biodiesel manufacturing and grains processing. Headquartered in Singapore, the WIL Group has over 300 manufacturing plants and an extensive distribution network covering China, India, Indonesia and some 50 other countries to support a well established processing and merchandising business. The WIL Group also manufactures and distributes fertilisers and owns a fleet of vessels. The WIL Group is backed by a multi-national staff force of more than 80,000 people.

IMPLICATIONS UNDER THE HKSE LISTING RULES

Compliance requirements for KPL

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.

Accordingly, the entering into of the Transactions constitutes connected transactions for KPL under the HKSE Listing Rules. As the applicable percentage ratios for KPL in respect of the maximum total investment amount of the KPL Group to the JVCO(s) exceed 5%, the Transactions are subject to the approval of the KPL Independent Shareholders. In addition, the Transactions constitute discloseable transactions for KPL under Chapter 14 of the HKSE Listing Rules. The following persons will abstain from voting on the KPL Resolutions:

- (a) KHL, Shang Holdings Limited (an indirect wholly-owned subsidiary of SA which is not involved in the Transactions) and their respective associates;
- (b) Mr. Kuok Khoon Chen (a common director of KPL and KHL) and his associates (who holds an interest in KPL); and
- (c) Mr. Wong Siu Kong (a common director of KPL and KHL) and his associates (who holds an interest in KPL).

An independent board committee will be established by the KPL Board to consider the Transactions and to advise the KPL Independent Shareholders on the Transactions and as to how they should vote on the KPL Resolutions. An independent financial adviser will be appointed by KPL to make recommendations to the KPL Independent Board Committee and the KPL Independent Shareholders in relation to the Transactions.

KPL will despatch to the KPL Shareholders a circular on or around 26 January 2011 containing, among other things, further details of the Transactions, a letter of advice from its independent financial adviser to the KPL Independent Board Committee, a letter of advice containing the recommendation of the KPL Independent Board Committee to the KPL Independent Shareholders, and a notice of the special general meeting.

The KPL Directors (other than the independent non-executive KPL Directors) take the view that the entering into of the Master Joint Venture Agreement is in the ordinary and usual course of business of the KPL Group and believe that the terms of the Transactions are on normal commercial terms and fair and reasonable and in the interests of KPL and the KPL Shareholders as a whole. The independent non-executive KPL Directors would not be able to form the view whether the terms of the Transactions are fair and reasonable and in the interests of the KPL Shareholders as a whole unless and until they have discussed with the independent financial adviser to be appointed by KPL and reviewed its letter of advice.

Compliance requirements for SA

KPL is an associate of KHL and therefore a connected person of SA. Accordingly, the entering into of the Transactions constitutes connected transactions for SA under the HKSE Listing Rules.

As the applicable percentage ratios for SA in respect of the maximum total investment amount of the SA Group to the JVCO(s) exceed 0.1% but are less than 5%, the Transactions are subject to the announcement and reporting requirements but are exempt from the independent shareholders' approval requirement under the HKSE Listing Rules.

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

None of the SA Directors has a material interest in the Transactions, therefore none of the SA Directors was required to abstain from voting at the meetings of the SA Board on the resolutions approving the Transactions.

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⁺, Qian Shaohua⁺, Chan Wai Ming, William⁺, Ku Moon Lun[#], Lau Ling Fai, Herald[#], Ms. Wong Yu Pok, Marina, JP[#] and Mr. Tse Kai Chi[@] and the SA Directors are Messrs. Kuok Khoon Ean⁺, Lui Man Shing⁺, Madhu Rama Chandra Rao⁺, Gregory Allan Dogan⁺, Ho Kian Guan[@], Kuok Khoon Loong, Edward[@], Roberto V. Ongpin[@], Alexander Reid Hamilton[#], Timothy David Dattels[#], Wong Kai Man, BBS, JP[#], Michael Wing-Nin Chiu[#] and 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;
"Announcement"	the joint announcement of KPL and SA of 29 December 2010 in relation to the entering into of the Joint Bid Agreement;
"Articles of Association"	the articles of association to be entered into by the JV Parties in relation to the establishment of the JVCO(s);
"associate"	has the meaning ascribed to it in the HKSE Listing Rules;
"Business Day"	a day (excluding Saturday and Sunday) on which banks in Hong Kong are open for business;
"Confirmation Notices"	confirmation notices (成交確認書) dated 5 January 2011 issued by Yingkou City Land Resources Bureau (營口市國土資源局) to the JV Parties confirming the winning of the Land Bids;
"connected person"	has the meaning ascribed to it in the HKSE Listing Rules;
"connected transactions"	has the meaning ascribed to it in the HKSE Listing Rules;
"Consideration"	the total consideration for the acquisition of the Project Sites, being approximately RMB1,357.27 million (approximately HK\$1,596.79 million);
"controlling shareholder"	has the meaning ascribed to it in the HKSE Listing Rules;
"Deposit"	an aggregate amount of RMB271.57 million (approximately HK\$319.49 million) paid by the JV Parties in order to participate in the Land Bids;
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong;
"HKSE"	The Stock Exchange of Hong Kong Limited;
"HKSE Listing Rules"	the Rules Governing the Listing of Securities on HKSE;
"Hong Kong"	Hong Kong Special Administrative Region of the PRC;
"Joint Bid Agreement"	the joint bid agreement dated 29 December 2010 and entered into by the JV Parties in respect of the Land Bids;
"JV Parties"	collectively, KPCL, SACL and WPL, and a "JV Party" shall mean any of them;
"JVCO(s)"	wholly foreign-owned enterprise(s) to be established by KPCL, SACL and WPL in Yingkou City, Liaoning Province, PRC for the purpose of acquiring, holding and developing the Project Sites;

"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 HKSE;
"KPL Board"	the board of KPL Directors;
"KPL Directors"	directors of KPL;
"KPL Group"	KPL and its subsidiaries;
"KPL Independent Board Committee"	the board committee to be established by the KPL Board comprising all the independent non-executive KPL Directors to advise the KPL Independent Shareholders on the Transactions and as to how they should vote on the KPL Resolutions;
"KPL Independent Shareholders"	KPL Shareholders who are not required to abstain from voting at the special general meeting to be convened by KPL on the KPL Resolutions;
"KPL Resolutions"	the resolutions to approve the Transactions by the KPL Independent Shareholders at a special general meeting of KPL, in such form as KPL may require;
"KPL Shareholders"	holders of KPL Shares;
"KPL Shares"	ordinary shares of HK\$1.00 each in the capital of KPL;
"Land Bids"	the open biddings in respect of the Project Sites held on 5 January 2011 in Laobian District, Yingkou City, Liaoning Province, PRC;
"Master Joint Venture Agreement"	the master joint venture agreement dated 5 January 2011 and entered into between the JV Parties with respect to the establishment of the JVCO(s) for the acquisition and development of the Project Sites;
"percentage ratios"	has the meaning ascribed to it in Chapter 14 of the HKSE Listing Rules;
"PRC"	the People's Republic of China;
"Project Sites"	The following sites with a total gross site area of 565,530 sq.m.- (i) Project Site no. 2010-90 located at the north of Minxinghe Road, the east of Xinhua Road, Laobian District, Yingkou City, Liaoning Province, PRC (中國遼寧省營口市老邊區民興河路北、新華路東地塊(宗地編號: 2010-90號)), with a gross area of 129,601 sq.m.;

- (ii) Project Site no. 2010-91 located at the north of Minxinghe Road, the west of Shifu Road, Laobian District, Yingkou City, Liaoning Province, PRC (中國遼寧省營口市老邊區民興河路北、市府路西地塊(宗地編號: 2010-91 號)), with a gross area of 109,869 sq.m.;
- (iii) Project Site no. 2010-92 located at the south of Donghai Street, the east of Xinhua Road, Laobian District, Yingkou City, Liaoning Province, PRC (中國遼寧省營口市老邊區東海大街南、新華路東地塊(宗地編號: 2010-92 號)), with a gross area of 91,602 sq.m.;
- (iv) Project Site no. 2010-93 located at the south of Donghai Street, the east of Xinhua Road, Laobian District, Yingkou City, Liaoning Province, PRC (中國遼寧省營口市老邊區東海大街南、新華路東地塊(宗地編號: 2010-93 號)), with a gross area of 76,571 sq.m.;
- (v) Project Site no. 2010-94 located at the east of Qinghua Road, the south of Xindonghai Street, Laobian District, Yingkou City, Liaoning Province, PRC (中國遼寧省營口市老邊區清華路東、新東海大街南地塊(宗地編號: 2010-94 號)), with a gross area of 81,361 sq.m.; and
- (vi) Project Site no. 2010-95 located at the west of Xinhua Road, the south of Xindonghai Street, Laobian District, Yingkou City, Liaoning Province, PRC (中國遼寧省營口市老邊區新華路西、新東海大街南地塊(宗地編號: 2010-95 號)), with a gross area of 76,526 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 HKSE with secondary listing on SGX;
"SA Board"	the board of SA Directors;
"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;

"SGX Listing Rules"	the rules set out in the listing manual of SGX;
"Shareholders' Agreements"	the shareholders' agreements to be entered into by the JV Parties in relation to the establishment of the JVCO(s);
"sq.m."	square metres;
"Transactions"	the entering into of the Master Joint Venture Agreement by the JV 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 JV Parties and the transactions contemplated thereunder;
"Underlying Contracts"	the relevant contracts and other documentation for the establishment of the relevant JVCOs in the PRC, such contracts and documentation shall include, but not limited to, the Shareholders' Agreement and the JVCO(s) Articles of Association;
"WIL"	Wilmar International Limited, a company incorporated in Singapore with limited liability, the shares of which are listed on SGX;
"WIL Group"	WIL and its subsidiaries;
"WPL"	WCA Pte. Ltd., a company incorporated in Singapore with limited liability and a direct wholly-owned subsidiary of WIL; and
"%"	per cent.

Amounts denominated in RMB in this announcement have been converted into HK\$ at the rate of RMB0.85 = 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, 5 January 2011

** For identification purpose only*