
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

(Stock Code: 00683)

**DISCLOSEABLE AND 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
AND
NOTICE OF SPECIAL GENERAL MEETING**

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



First Shanghai Capital Limited

A letter from the Board is set out on pages 7 to 14 of this circular. A letter from the Independent Board Committee is set out on pages 15 and 16 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 25 of this circular.

A resolution will be proposed at the Special General Meeting of Kerry Properties Limited to be held at Atrium Room, Level 39, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong on Wednesday, 16 February 2011 at 3:00 p.m. (or immediately after the conclusion of another special general meeting of the Company which is to be convened on the same day and at the same venue at 2:30 p.m.) to approve the matters referred to in this circular.

The notice convening the Special General Meeting is set out on pages 31 and 32 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

26 January 2011

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DEFINITIONS

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

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| “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; |
| “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; |
| “Associated Corporation” | has the meaning ascribed to it in Part XV of the SFO; |
| “Board” | the board of Directors; |
| “Business Day” | a day (excluding Saturday and Sunday) on which banks in Hong Kong are open for business; |
| “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 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; |
| “Directors” | the directors of the Company for the time being; |

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; |
| “HKSE Listing Rules” | The Rules Governing the Listing of Securities on the Stock Exchange; |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC; |
| “Independent Board Committee” | the independent committee of the Board consisting of all the independent non-executive Directors; |
| “Independent Financial Adviser” | First Shanghai Capital Limited, a licensed corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activity, and appointed as 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; |
| “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 with limited liability, which as at the Latest Practicable Date was the controlling shareholder of both the Company and SA; |

DEFINITIONS

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| “KPCL” | Kerry Properties (China) Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by the Company; |
| “Land Bids” | the open biddings in respect of the Project Sites held on 5 January 2011 in Laobian District, Yingkou City, Liaoning Province, PRC; |
| “Latest Practicable Date” | 21 January 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular; |
| “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; |
| “Model Code” | the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 to the HKSE Listing Rules; |
| “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.; |

DEFINITIONS

- (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.;
- “Resolution” the resolution to approve the Transactions by the Independent Shareholders at the Special General Meeting;
- “RMB” Renminbi, the lawful currency of the PRC;
- “SA” Shangri-La Asia Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are primarily listed on the Main Board of the Stock Exchange with secondary listing on SGX;
- “SACL” Shangri-La China Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by SA;
- “SA Group” SA and its subsidiaries;

DEFINITIONS

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| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); |
| “SGX” | the Singapore Exchange Securities Trading Limited; |
| “SGX Listing Rules” | the rules set out in the listing manual of SGX; |
| “Shareholders” | holders of the Shares; |
| “Shareholders’ Agreements” | the shareholders’ agreements to be entered into by the JV Parties in relation to the establishment of the JVCO(s); |
| “Shares” | ordinary shares of HK\$1.00 each in the capital of the Company; |
| “Special General Meeting” | the special general meeting of the Company to be held at Atrium Room, Level 39, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong on Wednesday, 16 February 2011 at 3:00 p.m. (or immediately after the conclusion of another special general meeting of the Company which is to be convened on the same day and at the same venue at 2:30 p.m.) at which the Resolution will be proposed, the notice of which is set out on pages 31 and 32 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 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; |

DEFINITIONS

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| “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 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 circular have been converted into HK\$ at the rate of RMB0.85 = HK\$1 for illustration purposes.

LETTER FROM THE BOARD



KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

嘉里建設有限公司*

website: www.kerryprops.com

(Stock Code: 00683)

Executive Directors:

Mr. KUOK Khoon Chen (*Chairman*)

Mr. WONG Siu Kong

(President & Chief Executive Officer)

Mr. HO Shut Kan

Mr. MA Wing Kai, William

Mr. QIAN Shaohua

Mr. CHAN Wai Ming, William

Independent Non-executive Directors:

Mr. KU Moon Lun

Mr. LAU Ling Fai, Herald

Ms. WONG Yu Pok, Marina, JP

Non-executive Director:

Mr. TSE Kai Chi

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

***Head Office and Principal Place
of Business in Hong Kong:***

25/F, Kerry Centre

683 King's Road

Quarry Bay

Hong Kong

26 January 2011

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

Dear Sir or Madam,

**DISCLOSEABLE AND 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
AND
NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

On 5 January 2011, the Board announced that 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

* *for identification purpose only*

LETTER FROM THE BOARD

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.

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. 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 Transactions constitute discloseable and connected transactions for the Company under the HKSE Listing Rules. As the applicable percentage ratios for the Company in respect of the maximum total investment amount of the Group to the JVCO(s) exceed 5%, the Transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the HKSE Listing Rules.

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 HKSE Listing Rules. This circular also contains a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions, a letter of advice containing the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Transactions and 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:

Date: 5 January 2011

Parties: KPCL, SACL and WPL

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

LETTER FROM THE BOARD

- 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) the Company, 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 Resolution; and

LETTER FROM THE BOARD

- (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 the Transactions.

Termination:

In the event that the Resolution is 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.

The Company, where appropriate, will comply with the requirements of the HKSE Listing Rules if the Resolution is not passed.

3. 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 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).

LETTER FROM THE BOARD

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 the Company for making the maximum total investment amounts 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 total investment amounts is not expected to have any material impact on the Group.

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

4. REASONS FOR THE TRANSACTIONS

Leveraging on its extensive business affiliation and network throughout Mainland China, WIL can assist the Company and SA to acquire quality land and implement projects in second- and third-tier cities. As such, the 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 the Company and SA will use their combined experience, standing and expertise in hotel, commercial and residential properties to develop the Project Sites. The Directors believe that the Transactions will increase the value for Shareholders and provide recurrent income for the Group.

WIL, the Company and SA are in the process of searching for other sites in the PRC and may jointly bid for such sites in the future. The Company 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.

5. INFORMATION ABOUT THE COMPANY, SA, WIL AND KHL

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.

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.

WIL is a company incorporated in Singapore with limited liability, the shares of which are listed on SGX. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, WIL is not a connected person of the Company. The WIL Group's

LETTER FROM THE BOARD

business activities include oil palm cultivation, oilseeds crushing, edible oils refining, sugar, 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 88,000 people.

KHL is an investment holding company.

6. IMPLICATIONS UNDER THE HKSE LISTING RULES

KPCL is an indirect wholly-owned subsidiary of the Company.

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.

Accordingly, the Transactions constitute discloseable and connected transactions for the Company under the HKSE Listing Rules. As the applicable percentage ratios for the Company in respect of the maximum total investment amount of the Group to the JVCO(s) exceed 5%, the Transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the HKSE Listing Rules.

The Independent Board Committee has been established by the Board to consider the Transactions and to advise the Independent Shareholders on the Transactions and as to how they should vote on the Resolution. The Independent Financial Adviser has been appointed by the Company to make recommendations to the Independent Board Committee and the Independent Shareholders in relation to the Transactions.

7. RECOMMENDATIONS

Having taken into account the recommendation and advice from the Independent Financial Adviser in relation to the Master Joint Venture Agreement and the Transactions (as contained in the letter from the Independent Financial Adviser set out on pages 17 to 25 of this circular), the Independent Board Committee is of the view that the terms of the Master Joint Venture Agreement are on normal commercial terms and are fair and reasonable, the Transactions are in the ordinary and usual course of business of the Company and the entering into of the Transactions is in the interests of the Company and its 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 terms of the Master Joint Venture Agreement are on normal commercial terms and are fair and reasonable and the Transactions are in the interests of the Company and its Shareholders as a whole. None of the Directors has a material interest in the Transactions, therefore none of the Directors was required to abstain from voting on the board resolutions approving the Transactions.

LETTER FROM THE BOARD

Your attention is drawn to the letter from the Independent Board Committee set out on pages 15 and 16 of this circular, which contains its recommendation to the Independent Shareholders, and the letter from the Independent Financial Adviser set out on pages 17 to 25 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 the Independent Financial Adviser recommend the Independent Shareholders to vote in favour of the Resolution. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the Resolution.

8. GENERAL

The notice convening the Special General Meeting is set out on pages 31 and 32 of this circular. At the Special General Meeting, the Resolution will be proposed to confirm, ratify and approve the Transactions.

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 HKSE 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 Resolution.

The following persons (the "**Abstaining Shareholders**") will abstain from voting on the Resolution to approve the Transactions at the Special General Meeting:

- (a) KHL, Shang Holdings Limited (an indirect wholly-owned subsidiary of SA which is not involved in the Transactions) and their respective associates, which were interested in 781,168,833 Shares (representing approximately 54.40% of all Shares in issue) as at the Latest Practicable Date;
- (b) Mr. Kuok Khoon Chen (a common director of the Company and KHL) and his associates, who were interested in 6,362,711 Shares (representing approximately 0.44% of all Shares in issue) as at the Latest Practicable Date; and
- (c) Mr. Wong Siu Kong (a common director of the Company and KHL) and his associates, who were interested in 150,000 Shares (representing approximately 0.01% of all Shares in issue) as at the Latest Practicable Date.

LETTER FROM THE BOARD

In compliance with the HKSE Listing Rules, the Resolution will be voted on by way of poll at the Special General Meeting. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the HKSE Listing Rules.

Your attention is drawn to the additional information set out in the appendices 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. KU Moon Lun (*Chairman*)

Mr. LAU Ling Fai, Herald

Ms. WONG Yu Pok, Marina, JP

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

26 January 2011

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND 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**

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, the entering into of the Transactions, in accordance with the terms set out in the Master Joint Venture Agreement, is in the interests of the Company and its Shareholders as a whole and the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Transactions.

* *for identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the recommendation and advice of the Independent Financial Adviser, in our opinion, the terms of the Master Joint Venture Agreement are on normal commercial terms and are fair and reasonable, the Transactions are in the ordinary and usual course of business of the Company and the entering into of the Transactions is in the interests of the Company and its 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 Resolution to be proposed at the Special General Meeting to approve the Transactions.

Yours faithfully,

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter received from the Independent Financial Adviser setting out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.



FIRST SHANGHAI CAPITAL LIMITED

19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

26 January 2011

*To the Independent Board Committee
and the Independent Shareholders*

Dear Sir or Madam,

DISCLOSEABLE AND 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

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 26 January 2011 (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.

On 5 January 2011, a consortium formed among the JV Parties, namely KPCL, SACL and WPL (being the wholly-owned subsidiary of the Company, SA and WIL, respectively) 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, the PRC. 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.

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KHL is the controlling shareholder of both the Company and SA. Therefore, SA is an associate of KHL and hence a connected person of the Company. As such, the Transactions constitute connected transactions for the Company under the HKSE Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. Ku Moon Lun, Mr. Lau Ling Fai, Herald and Ms. Wong Yu Pok, Marina, JP, has been established to advise the Independent Shareholders on the terms of 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 management of the Group, and have assumed that all such information and representations made or referred to in the Circular and provided to us by the management of 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 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 management of the Group and have been advised 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 not, however, conducted any independent verification of the information included in the Circular and provided to us by the management of the Group nor have we conducted any form of investigation into the business, affairs or future prospects of the Group or the JVCO(s).

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, the PRC and the Asia Pacific region; (ii) logistics, freight and warehouse ownership and operations; (iii) infrastructure-related investment in Hong Kong and the PRC; and (iv) hotel ownership in Hong Kong, and hotel ownership and operations in the PRC.

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As disclosed in the unaudited interim report of the Company for the six months ended 30 June 2010 (the “**2010 Interim Report**”), the Group recorded turnover of approximately HK\$11,698 million for the six months ended 30 June 2010, representing an increase of approximately 116.4% compared to the same period over the previous year, which was mainly driven by the increase in property sales in Hong Kong. For the six months ended 30 June 2010, approximately 53.0% and 39.5% of the total turnover of the Group were contributed by property sales and logistics operations, respectively. The Group achieved net profit attributable to Shareholders of approximately HK\$2,653 million for the six months ended 30 June 2010, representing an increase of approximately 41.4% over the same period in the previous year mainly due to the increase in property sales. As at 30 June 2010, the Group had net assets attributable to Shareholders of approximately HK\$53,271 million.

As at 30 June 2010, the Group held a completed investment property portfolio of residential, commercial and office properties in the PRC and Hong Kong with an aggregate gross floor area (“**GFA**”) of approximately 3.82 million square feet and 2.59 million square feet, respectively. As advised by the management of the Group, the attributable interest in properties under development of the Group in the PRC had a total GFA of approximately 35.0 million square feet as at 30 June 2010, which were located in various cities of the PRC, including Shanghai, Shenzhen, Tianjin, Hangzhou, Nanjing, Chengdu, Nanchang, Changsha, Shenyang, Yangzhou, Qinhuangdao, Manzhouli and Tangshan. As stated in the 2010 Interim Report, the Group will continue to develop and hold premium property projects and land reserves in Beijing, Shanghai, Shenzhen and other core provincial cities.

Information on 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. The subsidiaries of SA 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. According to the joint announcement published by the Company and SA dated 31 December 2010, several high-end mixed developments of SA Group in the PRC have experienced good occupancies and rental / room rates in recent years.

As disclosed in the unaudited interim report of SA for the six months ended 30 June 2010, the SA Group recorded sales of approximately US\$723 million (approximately HK\$5,603 million), of which approximately 94.7% was contributed by hotel operation where the PRC was its largest market. Net profit attributable to equity holders of SA amounted to approximately US\$75 million (approximately HK\$581 million) for the six months ended 30 June 2010, representing an increase of approximately 11.1% over the same period in the previous year. The SA Group also recorded net assets attributable to equity owners of SA of approximately US\$4,270 million (approximately HK\$33,093 million) as at 30 June 2010. As at 30 June 2010, the SA Group had equity interest in 50

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operating hotels with 24,552 available guest rooms and the 200-room Shangri-La Hotel, Tokyo was operating under a medium term operating lease. In addition, as at 25 August 2010, the SA Group had 17 management agreements in respect of operating hotels owned by third parties and had management agreements on hand for development of 15 new hotels located in a variety of countries.

Information on the WIL Group

The WIL Group's business activities include oil palm cultivation, oilseeds crushing, edible oils refining, sugar, 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 88,000 people.

According to the annual report of WIL for the year ended 31 December 2009, the WIL Group recorded revenue of approximately US\$23,885 million (approximately HK\$185,109 million) for the year ended 31 December 2009, of which approximately 55.3% was derived from the PRC, where the WIL Group has a nationwide network of over 130 plants, more than 200 sales offices and some 4,000 distributors.

Information on the Project Sites

The Project Sites have a total gross site area of 565,530 sq.m., which consist of six sites located at Laobian District, Yingkou City, Liaoning Province, the PRC with gross area of 129,601 sq.m., 109,869 sq.m., 91,602 sq.m., 76,571 sq.m., 81,361 sq.m. and 76,526 sq.m., respectively. The Project Sites are all 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. According to the website of Yingkou People's Municipal Government, Yingkou City is adjoining to Dandong City in the east, Dalian City in the south and is about 700 kilometers away from Beijing. Based on a preliminary estimate, Yingkou City achieved gross domestic product of approximately RMB79.95 billion for the year ended 31 December 2009, representing an annual growth of approximately 20.3%. On the other hand, total real estate development investment amount and real estate completion area reached approximately RMB11.35 billion and approximately 4.2 million sq.m. for the year ended 31 December 2009, representing annual growth of approximately 100% and 110%, respectively. Sales of commercial housing continued to be active with sales area reaching approximately 3.58 million sq.m. for the year ended 31 December 2009, representing annual growth of approximately 56.9%.

As disclosed in the joint announcements published by the Company and SA dated 29 December 2010 and 5 January 2011, the JV Parties entered into the open biddings in

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respect of the Project Sites held on 5 January 2011, where the JV Parties, namely KPCL, SACL and WPL have paid an aggregate deposit of approximately RMB272 million in the respective proportion of 40%, 25% and 35%. The deposit formed part of the Consideration of approximately RMB1,357 million, which was arrived at after taking into account the location and potential value of the Project Sites. Yingkou City Land Resources Bureau has issued confirmation notices to the JV Parties confirming their winning of the Land Bids for the Project Sites and the balance of the Consideration will be paid in accordance with the land contracts.

Reasons for the entering into of the Master Joint Venture Agreement

We understand from the management of the Group that, in order to maximize the utilization of the financial resources of the Group, the Directors have always intended to co-develop its mixed-use property interests in the PRC with other affiliated companies. Following the successful biddings of the Project Sites, the JV Parties entered into the Master Joint Venture Agreement 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.

As advised by the management of the Group, the Group and the SA Group have jointly invested in nine projects in PRC since 1996. Three of the nine 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 six projects under development are mixed-use development projects located in Jingan and Pudong District of Shanghai, Hedong District of Tianjin, Nanchang of Jiangxi Province, Tangshan of Hebei Province and Nanjing of Jiangsu Province.

Moreover, according to the letter from the Board in the Circular, the Directors believe that WIL is a valuable partner in the joint acquisition and development of the Project Sites given that WIL can leverage on its extensive business affiliation and network throughout the PRC to assist the Company to acquire quality land and implement projects in second- and third-tier cities. As disclosed in the joint announcement published by the Company and SA dated 21 December 2010, KPCL, SACL and WPL have jointly won the land bids and will co-develop the sites in Bayuquan, Yingkou City, Liaoning Province, PRC. We also understand that WIL, the Company and SA are in the process of searching for other sites in the PRC and may jointly bid for such sites in the future.

Based on the above and taking into account, in particular (i) the strategic intention of the Group to co-develop its existing projects in the PRC to maximize the utilization of its financial resources; (ii) the principal businesses of the Group and the SA Group, where they can use their combined experience, expertise and expertise in hotel, commercial and residential properties to develop the Project Sites; (iii) the WIL Group as a valuable partner to source suitable sites and implementation of projects with its

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extensive business affiliation and network throughout the PRC; (iv) the established relationship between the Group and the SA Group and the WIL Group to jointly bid and develop property projects; and (v) the development of the Project Sites will expand the portfolio of properties under development in the PRC of the Group, we concur with the view of that the Transactions are in the ordinary and usual course of business of the Company and the entering into of the Transactions is in the interests of the Company and the Shareholders as a whole and so far as the Independent Shareholders are concerned.

2. Major terms of the Master Joint Venture Agreement

Pursuant to the terms of the Master Joint Venture Agreement, the JV Parties will 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 scope of business of the JVCO(s) includes real estate development, operation, sale, leasing and property management. The principal terms of the Master Joint Venture Agreement are as follows:

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

Pursuant to the terms of the Master Joint Venture Agreement, 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. On the other hand, the maximum total investment amount of the JVCO(s) will be approximately RMB7,508 million, which primarily comprises land cost, construction cost and financial cost in relation to the Project Sites. The JV Parties shall contribute to the registered capital, the Consideration 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 Consideration and maximum total investment amount in the JVCO(s) will be approximately RMB543 million and RMB3,003 million, respectively.

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 board 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).

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Profit sharing of the JVCO(s)

According to the terms of the Master Joint Venture Agreement, profits will be distributed to the JV Parties in proportion to their respective capital contributions to the registered capital of the JVCO(s).

Supporting transactions

Pursuant to the terms of the Master Joint Venture Agreement, the JV Parties will 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, which we believe is beneficial to the Group since it can provide an opportunity for the Group to have an additional source of revenue. We have been advised by the management of the Group that, as at the Latest Practicable Date, no agreements have been entered into in respect of the aforesaid transactions and the terms of such transactions have not yet been agreed.

Having considered, in particular, the contribution to the registered capital, the total investment amount, future funding of the JVCO(s) and sharing of profit of the JVCO(s) are based on the respective shareholding in the JVCO(s) of each JV Party, 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 so far as the Independent Shareholders are concerned.

3. Financial effect of the Transactions

Earnings

Following the establishment of the JVCO(s), the results of the JVCO(s) will be equity accounted 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.

Net assets

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 JV 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.

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Working capital and gearing

The Group's proportionate maximum total investment amount in the JVCO(s) of approximately RMB3,003 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. In addition, we understand that the Group is also currently involved in several other major property development projects (the "**Other Projects**"), where their development costs will also be paid by phase depending on development progress.

As stated in the 2010 Interim Report, the cash and bank balances, current assets and current liabilities of the Group were approximately HK\$8,883 million, HK\$27,912 million and HK\$13,597 million respectively as at 30 June 2010. In terms of the available financial resources of the Group, the Group had total undrawn bank loan and overdraft facilities of approximately HK\$10,506 million and capital commitments of approximately HK\$4,866 million as at 30 June 2010. In assessing the financial effect of the Transactions, we have also reviewed a schedule of yearly investment amount (the "**Investment Schedule**"), which has taken into account the development of the Project Sites and the Other Projects. Based on the above and having considered in particular the cash position, available bank facilities and capital commitment of the Group as at 30 June 2010, the Group's share of the maximum total investment amount in the JVCO(s) is not expected to have a material adverse effect on the working capital of the Group.

As set out in the 2010 Interim Report, the gearing ratio for the Group was approximately 20.7% as at 30 June 2010, which was calculated based on net debt of approximately HK\$11,011 million and shareholders' equity of approximately HK\$53,271 million. The gearing ratio of the Group is expected to increase with the financing of construction and development costs related to the Project Sites and Other Projects. However, after having taken into account in particular (i) the expected construction and development costs in relation to the Project Sites and Other Projects will be paid by phase depending on development progress; and (ii) the Investment Schedule, we are of the view that the increase in gearing ratio is not expected to be significant to impose a material adverse financial impact to the Group.

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RECOMMENDATION

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

Deputy Managing Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the HKSE Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular 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) The Company

| Directors | Number of ordinary shares | | Number of underlying ordinary shares held under equity derivatives ² | Total | Approximate % of shareholding ⁶ |
|---------------------------|---------------------------------|------------------------------|---|-----------|--|
| | Personal interests ¹ | Other interests ⁴ | | | |
| KUOK Khoon Chen | 251,004 | 6,111,707 | 250,000 | 6,612,711 | 0.46 |
| WONG Siu Kong | 100,000 | 50,000 | 4,650,000 | 4,800,000 | 0.33 |
| HO Shut Kan | – | 50,000 | 1,700,000 | 1,750,000 | 0.12 |
| MA Wing Kai, William | 1,020 | 50,000 | 1,380,000 | 1,431,020 | 0.10 |
| QIAN Shaohua | 100,000 | 50,000 | 1,050,000 | 1,200,000 | 0.08 |
| CHAN Wai Ming, William | – | 50,000 | 1,100,000 | 1,150,000 | 0.08 |

(ii) Associated Corporations

| Associated Corporations | Directors | Number of ordinary shares | | | Number of underlying ordinary shares held under equity derivatives ⁵ | Total | Approximate % of shareholding |
|----------------------------|------------------------|---------------------------------|----------------------------------|------------------------------|---|-------------|-------------------------------|
| | | Personal interests ¹ | Corporate interests ³ | Other interests ⁴ | | | |
| Kerry Group Limited | KUOK Khoon Chen | 1,651,791 | 6,500,000 | 287,286,813 | 8,000,000 | 303,438,604 | 19.79 ⁷ |
| | WONG Siu Kong | 4,617,263 | 8,504,300 | – | 3,000,000 | 16,121,563 | 1.05 ⁷ |
| | HO Shut Kan | 1,388,452 | – | – | 1,000,000 | 2,388,452 | 0.16 ⁷ |
| | MA Wing Kai, William | 1,010,620 | – | – | 500,000 | 1,510,620 | 0.10 ⁷ |
| | QIAN Shaohua | 500,000 | 500,000 | – | 1,000,000 | 2,000,000 | 0.13 ⁷ |
| | CHAN Wai Ming, William | 100,000 | – | – | 300,000 | 400,000 | 0.03 ⁷ |
| | TSE Kai Chi | 600,000 | – | – | 1,500,000 | 2,100,000 | 0.14 ⁷ |
| Kerry Siam Seaport Limited | MA Wing Kai, William | 1 | – | – | – | 1 | 0.00 |
| SCMP Group Limited | KUOK Khoon Chen | 8,000 | – | 20,000 | – | 28,000 | 0.00 ⁸ |
| Shang Properties, Inc. | 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) This represents interests in options held by the relevant Director as a beneficial owner to subscribe for the relevant underlying ordinary shares in respect of the option shares granted by Kerry Group Limited.
- (6) The percentage has been compiled based on the total number of Shares in issue as at the Latest Practicable Date (i.e. 1,436,031,280 Shares).
- (7) The percentage has been compiled based on the total number of ordinary shares of Kerry Group Limited in issue as at the Latest Practicable Date (i.e. 1,533,649,913 ordinary shares).
- (8) The percentage has been compiled 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.

As at the Latest Practicable Date, (1) Mr. Kuok Khoon Chen, the Chairman of the Company, was a director of Kerry Group Limited, a company which was interested as to 53.95% of the entire issued share capital of the Company (as disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and the percentage has been compiled based on the total number of Shares in issue of 1,436,031,280 as at the Latest Practicable Date); and (2) Mr. Kuok Khoon Chen and Mr. Wong Siu Kong, President & Chief Executive Officer of the Company, were directors of KHL, a company which was interested as to 52.19% of the entire issued share capital of the Company (as disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and the percentage has been compiled based on the total number of Shares in issue of 1,436,031,280 as at the Latest Practicable Date).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or any proposed director of the Company was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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 31 December 2009 (being 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 or leased to 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 Mr. Kuok 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; 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:

| Name | Qualification |
|--------------------------------|---|
| First Shanghai Capital Limited | a licensed corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activity |

The above mentioned expert 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.

The above mentioned expert 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 2009 (being the date to which the latest published audited financial statements 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 31 December 2009 (being the date to which the latest published audited financial statements 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 the Independent Financial Adviser (the text of which is set out in the section of this circular headed “Letter from the Independent Financial Adviser”) are available for inspection during normal business hours at any weekday (public holidays excepted) at the office of the Company at 25/F, Kerry Centre, 683 King’s Road, Quarry Bay, Hong Kong up to and including 16 February 2011.

NOTICE OF SPECIAL GENERAL MEETING



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 Atrium Room, Level 39, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong on Wednesday, 16 February 2011 at 3:00 p.m. (or immediately after the conclusion of another special general meeting of the Company which is to be convened on the same day and at the same venue at 2:30 p.m.) for the following purpose:

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 of the special general meeting for the purpose of identification) and the Transactions be and are hereby confirmed, ratified and approved; and
- (2) the board of directors of the Company be and is hereby authorised to take all such actions as it considers necessary or desirable to implement and give effect to 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 26 January 2011.”

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

Hong Kong, 26 January 2011

* *for identification purpose only*

NOTICE OF SPECIAL GENERAL MEETING

Head Office and Principal Place

of Business in Hong Kong:

25/F, Kerry Centre

683 King's Road

Quarry Bay

Hong Kong

Notes:

- (1) Every member entitled to attend and vote at the above meeting (or at any adjournment thereof) ("SGM") is entitled to appoint up to two individuals as his proxies. 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 holders of any share, any one of such persons may vote at the SGM, 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 SGM 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.
- (3) 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 the holding the SGM. Completion and return of the form of proxy will not preclude a member from attending the SGM and voting in person if he so wishes.
- (4) The registers of members of the Company will be closed on Tuesday, 15 February 2011 and Wednesday, 16 February 2011, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the SGM, 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 Monday, 14 February 2011.
- (5) Shareholders are advised to read the circular to the shareholders of the Company dated 26 January 2011 which contains information concerning the resolution to be proposed in this notice.
- (6) The resolution to be proposed at the SGM shall be decided by way of a poll.