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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Kerry Properties Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

嘉里建設有限公司*

website: www.kerryprops.com

(Stock Code: 00683)

**PROPOSALS FOR, INTER ALIA,
GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES,
RE-ELECTION OF DIRECTORS,
ADOPTION OF THE 2011 SHARE OPTION SCHEME AND
TERMINATION OF THE 2002 SHARE OPTION SCHEME AND
AMENDMENT OF BYE-LAWS
AND
NOTICE OF ANNUAL GENERAL MEETING**

Resolutions will be proposed at the Annual 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 Thursday, 5 May 2011 at 2:30 p.m. to approve the matters referred to in this circular.

The notice convening the Annual General Meeting together with the form of proxy for use at the Annual General Meeting are enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the 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 Annual General Meeting.

* *for identification purpose only*

28 March 2011

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DEFINITIONS

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

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| “1997 Share Option Scheme” | the executive share option scheme adopted by the Company on 27 March 1997; |
| “2002 Share Option Scheme” | the share option scheme adopted by the Company on 17 April 2002; |
| “2011 Share Option Scheme” | the new share option scheme to be adopted by the Company pursuant to the ordinary resolution referred to in item 6D(1) of the notice of the Annual General Meeting in its present or any amended form; |
| “Adoption Date” | 5 May 2011 (the date on which the 2011 Share Option Scheme is adopted by a resolution of the Company in the Annual General Meeting); |
| “Affiliate Company” | a Controlling Shareholder of the Company or a Subsidiary or Associate of a Controlling Shareholder; |
| “Allotment Date” | the date on which Shares are allotted to a Grantee pursuant to an Option granted and exercised hereunder; |
| “Annual General Meeting” | the annual 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 Thursday, 5 May 2011 at 2:30 p.m.; |
| “Associate” | shall have the meaning ascribed to it under the Listing Rules; |
| “Auditors” | the auditors of the Company at the relevant time; |
| “Bankruptcy Ordinance” | the Bankruptcy Ordinance (Chapter 6 of the laws of Hong Kong) as amended from time to time; |
| “Board” | the board of Directors of the Company; |
| “Business Day” | shall have the meaning ascribed to it under the Listing Rules; |
| “Bye-laws” | the bye-laws of the Company, as amended from time to time; |

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| “Commencement Date” | in respect of any particular Option, the date upon which the Option is deemed to be granted and accepted in accordance with the provisions of the 2011 Share Option Scheme, as set out in paragraph 5.03 of Appendix II to this circular; |
| “Companies Ordinance” | the Companies Ordinance (Chapter 32 of the laws of Hong Kong) as amended from time to time; |
| “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 Persons” | shall have the meaning ascribed to it under the Listing Rules; |
| “Controlling Shareholder” | shall have the meaning ascribed to it under the Listing Rules; |
| “Corporate Communications” | shall have the meaning ascribed to it under the Listing Rules; |
| “Culpable Termination” | termination of the employment of an Executive on the grounds that he has been guilty of serious misconduct, or there exist grounds allowing his summary dismissal under his employment contract or under common law, or he is unable or has no reasonable prospects of being able to pay his debts within the meaning of the Bankruptcy Ordinance or any other applicable law, or he has become otherwise insolvent or has made any arrangements or compositions with his creditors generally, or he has been convicted of any criminal offence involving his integrity or honesty; |
| “Director(s)” | the director(s) of the Company; |
| “Eligible Person” | means any of the following persons: (a) an Executive; (b) a director or proposed director (including an independent non-executive director) of any member of the Group; |

DEFINITIONS

- (c) a consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;
- (d) a person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group; or
- (e) an Associate of any of the foregoing persons;
- “Executive” any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in, any member of the Group (an “**Employee**”), any proposed Employee, any full-time or part-time Employee, or a person for the time being seconded to work full-time or part-time for any member of the Group;
- “Grantee” any Eligible Person who accepts the offer of the grant of an Option in accordance with the terms of the 2011 Share Option Scheme or (in the case of an Eligible Person being an individual and where the context so permits) the legal personal representative(s) entitled to any such Option in consequence of the death of the Eligible Person;
- “Group” the Company and its Subsidiaries and, for the purpose of the 2011 Share Option Scheme, the Company, its Subsidiaries and Associates, and Invested Entities;
- “HK\$” Hong Kong dollars, the lawful currency of Hong Kong;
- “Hong Kong” Hong Kong Special Administrative Region of the PRC;
- “IFA” the independent financial adviser appointed by the Board for the purposes of paragraph 12 of Appendix II to this circular;
- “Invested Entity” a corporation, partnership, incorporated or unincorporated body or other entity in which the Company or any of its Subsidiaries holds an interest;
- “KGL” Kerry Group Limited;

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| “Latest Practicable Date” | 18 March 2011, being the latest practicable date for ascertaining certain information referred to in this circular prior to the printing of this circular; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time; |
| “Non-Executive Director Retirement” | a non-executive Director of the Company who retires pursuant to the provisions of the Bye-laws and who notifies the Company that he/she is not offering himself/herself up for re-election at the Company’s annual general meeting; |
| “Offer Date” | the date of the Board resolution approving the grant of Options, which must be a Business Day; |
| “Option” | an option to subscribe for Shares granted pursuant to the 2011 Share Option Scheme; |
| “Option Period” | in respect of any particular Option, such period as the Board may in its absolute discretion determine, save that such period shall not be longer than 10 years commencing on the Commencement Date; |
| “Option Shares” | Shares to which any particular Option relates; |
| “Other Share Option Schemes” | any and all schemes of the Company other than the 2011 Share Option Scheme involving the grant of options over new Shares or other new securities of the Company; |
| “PRC” | the People’s Republic of China; |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); |
| “Share(s)” | share(s) of HK\$1.00 each of the Company, or, if there has been a subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary share capital of the Company; |

DEFINITIONS

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| “Share Repurchase Mandate” | a general and unconditional mandate to be given to the Directors to exercise the powers of the Company to repurchase at any time until the next annual general meeting of the Company or such earlier period as stated in the Share Repurchase Resolution the Shares up to a maximum of 10 per cent. of the fully paid-up issued share capital of the Company at the date of passing of the Share Repurchase Resolution; |
| “Share Repurchase Resolution” | the ordinary resolution referred to in item 6B of the notice of the Annual General Meeting; |
| “Shareholder(s)” | holder(s) of Share(s); |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Subscription Price” | the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to the 2011 Share Option Scheme, as set out in paragraph 6 of Appendix II to this circular; |
| “Subsidiary” | a subsidiary (within the meaning of the Companies Ordinance) of the Company from time to time; |
| “Substantial Shareholder” | shall have the meaning ascribed to it under the Listing Rules; |
| “Supplementary Guidance” | Supplementary Guidance attached to the letter from the Stock Exchange dated 5 September 2005 and any guidance and interpretation issued from time to time by the Stock Exchange relating to share option schemes; and |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers approved by the Securities and Futures Commission from time to time. |

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

28 March 2011

*To the Shareholders and, for information only,
the Option-holders of Kerry Properties Limited*

Dear Sir or Madam,

**PROPOSALS FOR, INTER ALIA,
GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES,
RE-ELECTION OF DIRECTORS,
ADOPTION OF THE 2011 SHARE OPTION SCHEME AND
TERMINATION OF THE 2002 SHARE OPTION SCHEME AND
AMENDMENT OF BYE-LAWS
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information relating to, *inter alia*, the proposed renewal of the Share Repurchase Mandate, the proposed re-election of Directors who

* *for identification purpose only*

LETTER FROM THE BOARD

are going to retire and offer themselves for re-election at the Annual General Meeting, the proposed revision of fees payable to the chairman and members of the Audit Committee, the proposed adoption of the 2011 Share Option Scheme and termination of the 2002 Share Option Scheme and the proposed amendment of Bye-laws, and to give you the notice of the Annual General Meeting.

2. GENERAL MANDATE TO REPURCHASE SHARES

The latest general mandate to repurchase Shares up to a maximum of 10 per cent. of the fully paid-up issued Shares of the Company was granted to the Directors at the 2010 annual general meeting of the Company held on 4 May 2010. This general mandate will lapse at the conclusion of the Annual General Meeting unless renewed at that meeting.

Therefore, the Share Repurchase Resolution will be proposed at the Annual General Meeting to approve the grant of the Share Repurchase Mandate to the Directors. The Share Repurchase Mandate will continue in force until the conclusion of the next annual general meeting of the Company or any earlier date as referred to in item 6B of the notice of the Annual General Meeting.

Shareholders should refer to the explanatory statement contained in Appendix I of this circular, which sets out further information in relation to the Share Repurchase Mandate.

3. GENERAL MANDATE TO ISSUE NEW SHARES

The ordinary resolution to grant a fresh general mandate to the Directors to allot, issue and deal with additional Shares not exceeding 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing the relevant ordinary resolution will be proposed at the Annual General Meeting. As at the Latest Practicable Date, the issued share capital of the Company comprised 1,436,878,488 fully paid-up Shares. If there is no allotment or repurchase of the Shares between the Latest Practicable Date and the date of Annual General Meeting, the fresh general mandate to allot, issue and deal with additional Shares shall not exceed 287,375,697 Shares.

4. RE-ELECTION OF DIRECTORS

In relation to the proposed resolution no. 3 as set out in the notice of the Annual General Meeting regarding re-election of the retiring Directors, Messrs. Kuok Khoon Chen, Wong Siu Kong and Ho Shut Kan and Ms. Wong Yu Pok, Marina are due to retire from the Board by rotation in accordance with Bye-law 99(A) at the Annual General Meeting. All the retiring Directors, being eligible, offer themselves for re-election.

Save for the information set out below, there is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders in respect of the following Directors who stand for re-election at the Annual General Meeting.

LETTER FROM THE BOARD

Brief biographical details of the retiring Directors proposed to be re-elected at the Annual General Meeting are set out in the section headed "Directors and Senior Management" on pages 77 to 80 of the Company's annual report 2010.

There is no service contract signed between the Company and each of the Directors who stand for re-election at the Annual General Meeting. The total amount of the directors' emoluments for the year ended 31 December 2010 received by each of the Directors who stand for re-election at the Annual General Meeting are set out in note 13(b) to the financial statements of the Company's annual report 2010. The Executive Directors' emoluments are determined by reference to the corporate and individual performances as well as market/sector trends. Pursuant to the Bye-laws, the Directors shall retire from office no later than the third annual general meeting of the Company after he was last elected or re-elected. Therefore, the term of appointment of the Directors is effectively three years.

As at the Latest Practicable Date, Mr. Kuok has a personal interest of 501,004 Shares and deemed interest of 6,111,707 Shares, Mr. Wong has a personal interest of 100,000 Shares, deemed interest of 50,000 Shares and 4,650,000 underlying Shares held under equity derivatives, Mr. Ho has a deemed interest of 50,000 Shares and 1,700,000 underlying Shares held under equity derivatives and Ms. Wong has no interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, each of the Directors who stand for re-election at the Annual General Meeting did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years and does not have any relationships with any Directors, senior management, Substantial Shareholders or Controlling Shareholders of the Company.

5. DIRECTORS' FEES (INCLUDING FEES PAYABLE TO THE CHAIRMAN AND MEMBERS OF THE AUDIT COMMITTEE AND MEMBERS OF THE REMUNERATION COMMITTEE)

In relation to the proposed resolution no. 4 as set out in the notice of the Annual General Meeting regarding the fixing of Directors' fees (including fees payable to the chairman and members of the Audit Committee and members of the Remuneration Committee) for the year ending 31 December 2011, the Directors had a recent review of the level of fee payable to the chairman and members of the Audit Committee of the Company and recommended that the fee payable to the chairman of the Audit Committee be revised from the original fee at the rate of HK\$60,000 per annum to HK\$100,000 per annum and the fee payable to each member of the Audit Committee be revised from the original fee at the rate of HK\$30,000 per annum to HK\$70,000 per annum.

Save as the aforementioned proposed revision, all other fees payable to each Non-executive Director of the Company are the same as those for the year ended 31 December 2010 which are stated below for reference:

- (i) a fee at the rate of HK\$240,000 per annum be payable to each Non-executive Director of the Company;

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- (ii) a fee at the rate of HK\$20,000 per annum be payable to each member of the Remuneration Committee who is a Non-executive Director of the Company; and
- (iii) a fee of HK\$5,000 for attendance at each meeting (which includes Board Meeting, Audit Committee Meeting and Remuneration Committee Meeting of the Company) be payable to each Non-executive Director of the Company.

The proposed Directors' fees (including fees payable to the chairman and members of the Audit Committee and members of the Remuneration Committee) for the year ending 31 December 2011 as mentioned above will be put forward at the Annual General Meeting for Shareholders' approval. No Shareholders are required to abstain from voting at the Annual General Meeting on the resolution regarding the fixing of Directors' fees.

6. ADOPTION OF THE 2011 SHARE OPTION SCHEME AND TERMINATION OF THE 2002 SHARE OPTION SCHEME

On 17 April 2002, the Shareholders approved the termination (to the effect that no further options shall be offered) of the 1997 Share Option Scheme and the adoption of the 2002 Share Option Scheme but the options which had been granted during the life of the 1997 Share Option Scheme should continue to be valid and exercisable in accordance with their terms of issue and in all other respects its provisions should remain in full force and effect. As at the Latest Practicable Date, options to subscribe for an aggregate of 134,740 Shares had been granted and remained outstanding under the 1997 Share Option Scheme.

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,436,878,488 Shares. Under the 2002 Share Option Scheme, the Company can grant options to subscribe for up to 115,572,748 Shares, representing 10 per cent. of the issued share capital of the Company as at the date of the adoption of the 2002 Share Option Scheme. As at the Latest Practicable Date, options to subscribe for an aggregate of 20,330,000 Shares had been granted and remained outstanding under the 2002 Share Option Scheme. The 2002 Share Option Scheme will expire on 16 April 2012.

It is proposed that, subject to the approval of the Shareholders for the adoption of the 2011 Share Option Scheme at the Annual General Meeting, the 2002 Share Option Scheme shall be terminated with effect from the conclusion of the Annual General Meeting (such that thereafter no further options shall be offered but the options which had been granted, if any, during the life of the 2002 Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the 2002 Share Option Scheme shall remain in full force and effect) and the 2011 Share Option Scheme will take effect on the date of its adoption at the Annual General Meeting. Operation of the 2011 Share Option Scheme will commence after all conditions precedent have been fulfilled.

The Directors consider that in order to enable the Group to motivate Eligible Persons to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such

LETTER FROM THE BOARD

Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth and success of the Group, it is important that the Group should continue to provide such Eligible Persons with an additional incentive by offering them an opportunity to obtain an ownership interest in the Company and to reward them for contributing to the long term success of the Group.

Under the provisions of the 2011 Share Option Scheme, the Board has discretion to set a minimum period for which an Option has to be held before it may be exercised. This discretion allows the Board to provide incentives to an Eligible Person to remain as an Eligible Person during the minimum period and thereby enable the Group to continue to benefit from the services of such Eligible Person during such period. This discretion, coupled with the power of the Board to impose any performance target as they may consider appropriate before any Option can be exercised, enables the Group to provide incentives to the Eligible Persons to use their best endeavours in assisting the growth and the development of the Group and places the Group in a better position to attract human resources that are valuable to the growth and the development of the Group as a whole.

It is therefore proposed that the 2011 Share Option Scheme for the benefit of the Eligible Persons be adopted and the 2002 Share Option Scheme be terminated simultaneously at the Annual General Meeting. A summary of the principal terms of the 2011 Share Option Scheme is set out in Appendix II to this circular. A copy of the 2011 Share Option Scheme will be available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at 25/F, Kerry Centre, 683 King's Road, Quarry Bay, Hong Kong, during the 14-day period immediately preceding the Annual General Meeting and at the Annual General Meeting itself.

The maximum number of Shares which may be issued upon exercise of all Options to be granted under the 2011 Share Option Scheme (when aggregated with Shares to be issued upon exercise of options to be granted under Other Share Option Schemes) may not in aggregate exceed 10 per cent. of the Shares in issue as at the Adoption Date. Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the Adoption Date, the maximum number of Shares that may be issued pursuant to the 2011 Share Option Scheme on the Adoption Date will be 143,687,848 Shares, being 10 per cent. of the Company's issued share capital as at the Latest Practicable Date.

The 2011 Share Option Scheme is in compliance with Chapter 17 of the Listing Rules. Application will be made to the Stock Exchange for the approval of the 2011 Share Option Scheme and the subsequent granting of the Options thereunder and the listing of, and permission to deal in, the Shares to be issued upon exercise of the Options.

The Board considers it inappropriate to value all the Options that can be granted under the 2011 Share Option Scheme on the assumption that they were granted on the Latest Practicable Date. This is because a number of factors critical for determining such a valuation cannot be reasonably determined. These factors include, without limitation, the Subscription Price, the Option Period, the vesting period, and the other terms and conditions of the grant,

LETTER FROM THE BOARD

particularly those conditions which may be contingent in nature, or other continuing eligibility criteria which the Board has the discretion to prescribe upon the grant of an Option. Accordingly, any valuation of the Options based on these speculative assumptions would not be meaningful and may be misleading to Shareholders.

None of the Directors are appointed as trustees of the 2011 Share Option Scheme or have a direct or indirect interest in the trustees of the 2011 Share Option Scheme.

As part of the special businesses of the Annual General Meeting, Shareholders are asked to consider and if thought fit, to pass the ordinary resolution as set out in item 6D of the notice of the Annual General Meeting to, among other things, (a) approve the 2011 Share Option Scheme; (b) authorise the Directors to issue and allot Shares upon exercise of the Options; and (c) terminate the 2002 Share Option Scheme.

7. AMENDMENT OF BYE-LAWS

A special resolution will be proposed at the Annual General Meeting to amend the Bye-laws to bring them in line with the recent changes to the Listing Rules. The proposed amendments will, among other things:

- (1) enable the Company to use its own website and other electronic means to send or otherwise make available certain notices or documents (including Corporate Communications) to the Shareholders, subject to compliance with the Listing Rules and applicable law and regulations; and
- (2) align the notice period for the holding of general meetings of the Company with the requirements under the Listing Rules, i.e. (a) an annual general meeting shall be called by notice of not less than 20 clear Business Days; and (b) a special general meeting shall be called by notice of not less than 10 clear Business Days.

Certain minor housekeeping amendments have also been proposed for clarification purposes and correction of typographical errors. Details of the special resolution are set out in full in item 7 of the notice of the Annual General Meeting of this circular.

The legal advisers to the Company as to Hong Kong laws and Bermuda laws have confirmed that the proposed amendments comply with the requirements of the Listing Rules and the applicable laws of Bermuda. The Company confirms that there is nothing unusual about the proposed amendments for a company listed on the Stock Exchange.

8. VOTING BY POLL

All the resolutions set out in the notice of the Annual General Meeting would be decided by poll in accordance with the Listing Rules and the Bye-laws. The chairman of the Annual General Meeting would explain the detailed procedures for conducting a poll at the commencement of the Annual General Meeting.

LETTER FROM THE BOARD

The poll results will be published on the Company's website at www.kerryprops.com and the Stock Exchange's website at www.hkexnews.hk after the conclusion of the Annual General Meeting.

9. ANNUAL GENERAL MEETING

Notice of the Annual General Meeting is set out on pages 29 to 41 of this circular. A form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the 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 Annual General Meeting. Completion and return of the form of proxy will not prevent you from attending and voting at the Annual General Meeting if you so wish.

10. RECOMMENDATION

The Directors consider that the resolutions, including but without limitation to, the proposed renewal of the Share Repurchase Mandate, the proposed re-election of Directors, the proposed revision of fees payable to the chairman and members of the Audit Committee, the proposed adoption of the 2011 Share Option Scheme and termination of the 2002 Share Option Scheme and the proposed amendment of Bye-laws, as set out respectively in the notice of the Annual General Meeting are all in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend Shareholders to vote in favour of all such resolutions to be proposed at the Annual General Meeting.

11. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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.

Yours faithfully,
For and on behalf of
Kerry Properties Limited
Kuok Khoon Chen
Chairman

The following is the explanatory statement required to be sent to Shareholders under the Listing Rules to enable them to make an informed decision on whether to vote for or against the ordinary resolution in relation to the Share Repurchase Mandate to be proposed at the Annual General Meeting.

1. SHARE REPURCHASE PROPOSAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,436,878,488 fully paid-up Shares. It is proposed that up to a maximum of 10 per cent. of the fully paid-up Shares in issue at the date of passing of the Share Repurchase Resolution to approve the Share Repurchase Mandate may be repurchased by the Directors. Subject to the passing of the Share Repurchase Resolution, on the basis that no further Shares are issued prior to the Annual General Meeting and ignoring other restrictions, the Company would be allowed under the Share Repurchase Mandate to repurchase up to a maximum of 143,687,848 fully paid-up Shares.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from the Shareholders to enable the Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or earnings per share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Bye-laws and the laws of Bermuda. The laws of Bermuda provide that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for dividend or the proceeds of a fresh issue of shares made for the purpose. The premium payable on repurchase may only be paid out of either the profits what would otherwise be available for dividend or out of the share premium or contributed surplus accounts of the Company.

The Directors propose that such repurchases of Shares would be appropriately financed by the Company's internal resources and/or available banking facilities. There might be a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited consolidated financial statements contained in the annual report of the Company for the year ended 31 December 2010 and taking into account the financial position of the Company as at the Latest Practicable Date, in the event that the proposed share repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Share

Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. DIRECTORS' UNDERTAKING AND CONNECTED PERSONS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, the exercise of the power of the Company to make repurchases pursuant to the Share Repurchase Resolution will be in accordance with the Listing Rules and the applicable laws of Bermuda.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their Associates have a present intention, in the event that the Share Repurchase Resolution is adopted by the Shareholders, to sell Shares to the Company or its subsidiaries.

No Connected Persons have notified the Company that they have a present intention to sell Shares held by them to the Company, or have undertaken not to do so, in the event that the Company is authorised to make repurchases of its Shares.

5. EFFECT OF THE TAKEOVERS CODE

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of a share repurchase, any such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert (depending on the level of increase of Shareholders' interests) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. As at the Latest Practicable Date, KGL was directly or indirectly interested in 774,795,744 Shares as disclosed under the SFO, which constituted approximately 53.92 per cent. of the voting rights attaching to the issued share capital of the Company. Were the Share Repurchase Mandate to be exercised in full, which is considered to be unlikely in the current circumstances, KGL would (assuming that there is no change in relevant facts and circumstances) hold approximately 59.91 per cent. of the voting rights attaching to the issued share capital of the Company. It is considered that, in the absence of any special circumstances, an obligation to make a mandatory offer as referred to above as a result of a share repurchase is unlikely to arise. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Share Repurchase Mandate.

6. SHARE REPURCHASES MADE BY THE COMPANY

There was no repurchase by the Company or any of its subsidiaries of the Shares during the six months prior to the Latest Practicable Date.

7. MARKET PRICES

During each of the 12 months preceding and up to the Latest Practicable Date, the highest and lowest prices at which the Shares were traded on the Stock Exchange are as follows:

| Year | Month | Shares | |
|----------|---|------------------------------|-----------------------------|
| | | Highest Price <i>HK\$</i> | Lowest Price <i>HK\$</i> |
| 2010 | April | 43.85 | 35.65 |
| | May | 36.80 | 29.50 |
| | June | 37.00 | 30.50 |
| | July | 40.75 | 32.05 |
| | August | 41.00 | 37.20 |
| | September | 43.95 | 38.55 |
| | October | 46.30 | 40.75 |
| | November | 47.00 | 38.80 |
| December | 42.30 | 38.30 | |
| 2011 | January | 44.40 | 40.55 |
| | February | 42.00 | 36.55 |
| | March (up to the Latest Practicable Date) | 40.50 | 37.00 |

This Appendix summaries the principal terms of the 2011 Share Option Scheme but does not form part of, nor is it intended to be, part of the 2011 Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the 2011 Share Option Scheme. The Directors reserve the right at any time prior to the Annual General Meeting to make such amendments to the 2011 Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict in any material aspects with the summary in this Appendix.

The following is a summary of the principal terms of the 2011 Share Option Scheme which is proposed to be adopted by the Company as a share incentive scheme for the Company at the Annual General Meeting:

(1) CONDITIONS AND ADMINISTRATION OF THE 2011 SHARE OPTION SCHEME

The 2011 Share Option Scheme shall take effect on the Adoption Date subject to the passing of an ordinary resolution to adopt the 2011 Share Option Scheme by the Shareholders at the Annual General Meeting and the granting by the Stock Exchange of the approval for the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options in accordance with the terms and conditions of the 2011 Share Option Scheme.

The 2011 Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the 2011 Share Option Scheme or its interpretation or effect shall (save as otherwise provided in the 2011 Share Option Scheme) be final and binding on all parties thereto. The Board may delegate any or all of its powers in relation to the 2011 Share Option Scheme to any of its committees.

(2) PURPOSES OF THE 2011 SHARE OPTION SCHEME

The 2011 Share Option Scheme is a share incentive scheme and is established to:

- (a) recognise, motivate and provide incentives to Eligible Persons who make contributions to the Group so as to optimise their future contributions to the Group; and/or
- (b) reward the Eligible Persons for their past contributions, attract and retain or otherwise maintain ongoing relationships with Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives, enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

The 2011 Share Option Scheme will give the Eligible Persons an opportunity to have a personal stake in the Company and will help with the long-term objectives of:

- (a) motivating the Eligible Persons to optimize their performance and efficiency; and
- (b) attracting and retaining the Eligible Persons whose contributions are important to the long-term growth and profitability of the Group.

(3) DETERMINATION OF ELIGIBILITY

3.01 The Board may, at its absolute discretion, offer to grant to any Eligible Person an Option to subscribe for Shares under the 2011 Share Option Scheme.

3.02 The basis of eligibility of any of the Eligible Persons to the grant of any Options shall be determined by the Directors from time to time on the basis of their contributions to the development and the growth of the Group.

3.03 For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares to any person who falls within the definition of Eligible Persons shall not, by itself, unless the Directors otherwise determine, be construed as a grant of Options under the 2011 Share Option Scheme.

3.04 An Eligible Person or Grantee shall provide the Board such information and supporting evidence as the Board may in its absolute discretion request from time to time (including, without limitation, before the offer of a grant of Option, at the time of acceptance of a grant of Option, and at the time of exercise of an Option) for the purpose of assessing and/or determining his eligibility or continuing eligibility as an Eligible Person and/or Grantee or that of his Associates or for purposes in connection with the terms of an Option (and the exercise thereof) or the 2011 Share Option Scheme and the administration thereof.

(4) DURATION

The 2011 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date. However, the Shareholders in general meeting may by resolution at any time terminate the 2011 Share Option Scheme. Upon the expiry or termination of the 2011 Share Option Scheme as aforesaid, no further Options shall be offered but in all other respects the provisions of the 2011 Share Option Scheme shall remain in full force and effect. All Options granted prior to such expiry or termination (as the case may be) and not then exercised shall continue to be valid and exercisable subject to and in accordance with the 2011 Share Option Scheme.

(5) GRANT OF OPTIONS

- 5.01 On and subject to the terms of the 2011 Share Option Scheme, the Board shall be entitled at any time within a period of 10 years commencing on the Adoption Date to offer the grant of any Option to any Eligible Person as the Board may in its absolute discretion select, and on acceptance of the offer, grant such part of the Option as accepted to the Eligible Person.
- 5.02 Subject to the provisions of the 2011 Share Option Scheme, the Board may in its absolute discretion when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the 2011 Share Option Scheme as the Board may think fit (to be stated in the letter containing the offer of the grant of the Option) including (without prejudice to the generality of the foregoing) continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Company and/or the Grantee, the satisfactory performance or maintenance by the Grantee of certain conditions or obligations or the time or period when the right to exercise the Option in respect of all or some of the Option Shares shall vest.
- 5.03 An offer of the grant of an Option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Option duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within the period specified in the letter containing the offer of the grant of the Option. Once such acceptance is made, the Option shall be deemed to have been granted and to have taken effect from the Offer Date.

(6) SUBSCRIPTION PRICE OF SHARES

The Subscription Price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the Subscription Price shall be at least the higher of:

- (a) the nominal value of a Share;
- (b) the closing price of the Shares as stated in Stock Exchange's daily quotations sheet on the Offer Date; and
- (c) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five Business Days immediately preceding the Offer Date.

The Subscription Price shall also be subject to adjustment in accordance with paragraph 12 of this Appendix.

(7) EXERCISE OF OPTIONS

- 7.01 An Option shall be exercised in whole or in part by the Grantee according to the procedures for the exercise of Options established by the Company from time to time. Every exercise of an Option must be accompanied by a remittance for the full amount of the Subscription Price for the Option Shares in respect of which the Option is being exercised.
- 7.02 An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option or purport to do so. Any breach of the foregoing shall entitle the Company to cancel, revoke or terminate any outstanding Option or part thereof granted to such Grantee without any compensation.
- 7.03 Subject to paragraph 7.05 and any conditions, restrictions or limitations imposed in relation to the particular Option pursuant to the provisions of paragraph 5.02, 9 or 11 and subject as hereinafter provided, an Option may be exercised at any time during the Option Period, provided that:
- (a) if the Grantee (being an individual) dies or becomes permanently disabled before exercising an Option (or exercising it in full), he (or his legal representative(s)) may exercise the Option up to the Grantee's entitlement (to the extent not already exercised) within a period of 12 months following his death or permanent disability or such longer period as the Board may determine;
 - (b) in the event of the Grantee ceasing to be an Executive by reason of his retirement pursuant to such retirement scheme applicable to the Group at the relevant time, his Option (to the extent not exercised) shall be exercisable until the expiry of the relevant Option Period;
 - (c) in the event of the Grantee ceasing to be an Executive by reason of his transfer of employment to an Affiliate Company, his Option (to the extent not exercised) shall be exercisable until the expiry of the relevant Option Period unless the Board in its absolute discretion otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board has determined;
 - (d) in the event of the Grantee ceasing to be an Executive for any reason (including his employing company ceasing to be a member of the Group) other than his death, permanent disability, retirement pursuant to such retirement scheme applicable to the Group at the relevant time, transfer of employment to an Affiliate Company or the termination of his employment with the relevant

member of the Group by resignation or Culpable Termination, the Option (to the extent not already exercised) shall lapse on the date of cessation of such employment and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such cessation;

- (e) in the event of the Grantee ceasing to be an Executive by reason of the termination of his employment by resignation or Culpable Termination, the Option (to the extent not already exercised) shall lapse on the date on which the notice of termination is served (in the case of resignation) or the date on which the Grantee is notified of the termination of his employment (in the case of Culpable Termination) and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such service or notification. A resolution of the Board resolving that the Executive's Option has lapsed pursuant to this sub-paragraph shall be final and conclusive;
- (f) if a Grantee being an executive Director of the Company ceases to be an Executive but remains a non-executive Director, his Option (to the extent not already exercised) shall be exercisable until the expiry of the relevant Option Period unless the Board in its absolute discretion otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board has determined; or (ii) if a Grantee being a non-executive Director of the Company ceases to be a Director (aa) by reason of Non-Executive Director Retirement, his Option (to the extent not exercised) shall be exercisable until the expiry of the relevant Option Period unless the Board in its absolute discretion otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board has determined; or (ab) for reasons other than Non-Executive Director Retirement, the Option (to the extent not already exercised) shall lapse on the date of cessation of such appointment and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such cessation;
- (g) if (i) the Board in its absolute discretion at any time determines that a Grantee has ceased to be an Eligible Person; or (ii) a Grantee has failed to or no longer satisfies or complies with such criteria or terms and conditions that may be attached to the grant of the Option or which were the basis on which the Option was granted, the Option (to the extent not already exercised) shall lapse on the date on which the Grantee is notified thereof (in the case of (i)) or on the date on which the Grantee has failed to or no longer satisfies or complies with such

criteria or terms and conditions as aforesaid (in the case of (ii)) and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such notification or the date of such failure/non-satisfaction/non-compliance. In the case of (i), a resolution of the Board resolving that the Grantee's Option has lapsed pursuant to this sub-paragraph shall be final and conclusive;

- (h) if a Grantee (being a corporation) (i) has a liquidator, provisional liquidator, receiver or any person carrying out any similar function appointed anywhere in the world in respect of the whole or any part of the assets or undertaking of the Grantee; or (ii) has suspended ceased or threatened to suspend or cease business; or (iii) is unable to pay its debts (within the meaning of section 178 of the Companies Ordinance or any similar provisions under the Companies Act) or any applicable law; or (iv) otherwise becomes insolvent; or (v) suffers a change in its constitution, directors, shareholding or management which in the opinion of the Board is material; or (vi) commits a breach of any contract entered into between the Grantee or his Associate and any member of the Group, the Option (to the extent not already exercised) shall lapse on the date of appointment of the liquidator or receiver or other similar person or on the date of suspension or cessation of business or on the date when the Grantee is deemed to be unable to pay its debts as aforesaid or on the date of notification by the Company that the said change in constitution, directors, shareholding or management is material or on the date of the said breach of contract (as the case may be) and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such occurrence. A resolution of the Board resolving that the Grantee's Option has lapsed pursuant to this sub-paragraph by reason of a breach of contract as aforesaid shall be final and conclusive;
- (i) if a Grantee (being an individual) (i) is unable or has no reasonable prospects of being able to pay his debts within the meaning of the Bankruptcy Ordinance or any other applicable law or has otherwise become insolvent; or (ii) has made any arrangements or compositions with his creditors generally; or (iii) has been convicted of any criminal offence involving his integrity or honesty; or (iv) commits a breach of any contract entered into between the Grantee or his Associate and any member of the Group, the Option (to the extent not already exercised) shall lapse on the date on which he is deemed unable or to have no reasonable prospects of being able to pay his debts as aforesaid or on the date on which a petition for bankruptcy has been presented in any jurisdiction or on the date on which he enters into the said arrangement or composition with his creditors or on the date of his conviction or on the date of the said breach of contract (as the case may be) and not be exercisable unless the Board otherwise

determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such occurrence. A resolution of the Board resolving that the Grantee's Option has lapsed pursuant to this sub-paragraph by reason of a breach of contract as aforesaid shall be final and conclusive;

- (j) if a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional (in the case of a takeover offer) or is approved by the requisite majorities at the relevant meetings of the Shareholders (in the case of a scheme of arrangement), the Grantee shall be entitled to exercise the Option (to the extent not already exercised) at any time (in the case of a takeover offer) within one month after the date on which the offer becomes or is declared unconditional or (in the case of a scheme of arrangement) prior to such time and date as shall be notified by the Company;
- (k) in the event of an effective resolution being passed for the voluntary winding-up of the Company, and if the Grantee immediately prior to such event had any subsisting Option which had not been fully exercised, the Grantee may by notice in writing to the Company within one month after the date of such resolution elect to be treated as if the Option had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in such notice and shall accordingly be entitled to receive out of the assets available in the liquidation, *pari passu* with the holders of Shares, such sum as would have been received in respect of the Shares the subject of such election reduced by an amount equal to the Subscription Price which would otherwise have been payable in respect thereof; and
- (l) if a compromise or arrangement between the Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company, the Company shall give notice thereof to the Grantees who have unexercised Options at the same time as it dispatches notices to all members or creditors of the Company summoning the meeting to consider such a compromise or arrangement and thereupon each Grantee (or his legal representatives or receiver) may until the expiry of the earlier of: (i) the Option Period; (ii) the period of two months from the date of such notice; and (iii) the date on which such compromise or arrangement is sanctioned by the court, exercise in whole or in part his Option. Except insofar as exercised in accordance with this paragraph 7.03(l), all Options outstanding at the expiry of the relevant period referred to in this paragraph 7.03(l) shall lapse. The Company may thereafter require each Grantee to transfer or otherwise deal with the Shares issued on exercise of the Option to place the Grantee in the same position as would have been the case had such Shares been the subject of such compromise or arrangement,

provided that in determining the entitlement of any Grantee to exercise an Option at any particular date, the Board may in its absolute discretion relax or waive, in whole or in part, conditionally or unconditionally, any additional conditions, restrictions or limitations imposed in relation to the particular Option pursuant to the provisions of paragraph 5.02 and/or deem the right to exercise the Option in respect of the Shares the subject thereof to have been exercisable notwithstanding that according to the terms of the particular Option such right shall not have then vested.

7.04 The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the memorandum of association of the Company and the Bye-laws and the laws of Bermuda in force from time to time and shall rank *pari passu* in all respects with the then existing fully-paid Shares in issue on the Allotment Date, and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made on or after the Allotment Date, other than any dividend or other distributions previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the Allotment Date. Subject as aforesaid, no Grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of an Option pursuant to the 2011 Share Option Scheme.

7.05 The Company is entitled to refuse any exercise of an Option if such exercise is not in accordance with the terms of the 2011 Share Option Scheme or the procedures for exercise of Options established by the Company from time to time or if such exercise may cause the Company to contravene or breach any laws, enactment or regulations for the time being in force in Hong Kong and Bermuda or other jurisdiction where applicable or the Listing Rules or any rules governing the listing of the Shares of the Company on a Stock Exchange.

(8) LAPSE OF OPTIONS

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of the occurrence of any of the following events unless otherwise relaxed or waived (conditionally or unconditionally) by the Board:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in paragraphs 7.03(a) to (l);
- (c) (subject to paragraph 7.03(k)) the date of the commencement of the winding-up of the Company;
- (d) there is an unsatisfied judgment, order or award outstanding against the Grantee or the Board has reason to believe that the Grantee is unable to pay or to have no reasonable prospect of being able to pay his/its debts within the meaning of the Bankruptcy Ordinance;

- (e) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in paragraph 7.03(h), 7.03(i) or paragraph 8(d); or
- (f) a bankruptcy order has been made against any Director or shareholder of the Grantee (being a corporation) in any jurisdiction.

No compensation shall be payable upon the lapse of any Option, provided that the Board shall be entitled in its discretion to pay such compensation to the Grantee in such manner as it may consider appropriate in any particular case.

(9) MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

9.01 Upon adoption of the 2011 Share Option Scheme by the Company in the Annual General Meeting, the maximum number of Shares which may be issued upon exercise of all options to be granted under the 2011 Share Option Scheme (and under any Other Share Option Schemes) shall not in aggregate exceed 10 per cent. of the Shares in issue as at the Adoption Date (the “**Scheme Mandate Limit**”), provided that:

- (a) the Company may at any time as the Board may think fit seek approval from its Shareholders to refresh the Scheme Mandate Limit, save that the maximum number of Shares which may be issued upon exercise of all options to be granted under the 2011 Share Option Scheme (and under any Other Share Option Schemes) shall not exceed 10 per cent. of the Shares in issue as at the date of approval by the Shareholders in general meeting where such limit is refreshed. Options previously granted under the 2011 Share Option Scheme and any Other Share Option Schemes (including those outstanding, cancelled, and lapsed in accordance with the terms of the 2011 Share Option Scheme or any Other Share Option Schemes or exercised options under the said schemes) shall not be counted for the purpose of calculating the limit as refreshed. The Company shall send a circular containing the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules to its Shareholders. In addition, the Company may seek separate approval from its Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Persons specified by the Company before such approval is sought and for whom specific approval is obtained. The Company shall issue a circular to its Shareholders containing the information required under Rule 17.03(3) of the Listing Rules; and
- (b) for the avoidance of doubt, Shares which may be issued upon the exercise of all options granted under the 1997 Share Option Scheme and the 2002 Share Option Scheme and outstanding as at the Adoption Date shall not be included in the calculation of the Scheme Mandate Limit as at the Adoption Date.

9.02 Notwithstanding paragraph 9.01, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2011 Share Option Scheme (and under any Other Share Option Schemes) shall not exceed 30 per cent. of the Shares in issue from time to time.

9.03 The maximum number of Shares issued and to be issued upon exercise of the Options granted to any one Eligible Person (including exercised and outstanding Options) in any 12-month period shall not exceed one per cent. of the Shares in issue from time to time. Where any further grant of Options to such an Eligible Person would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over one per cent. of the Shares in issue, such further grant shall be separately approved by the Shareholders in general meeting with such Eligible Person and his Associates abstaining from voting. The applicable requirements of Rule 17.03(4) of the Listing Rules shall be complied with.

9.04 The maximum numbers set out in paragraphs 9.01 to 9.03 above shall be subject to adjustment in accordance with paragraph 12 but shall not in any event exceed the limits imposed by the Listing Rules.

(10) MAXIMUM NUMBER OF SHARES PER GRANTEE WHO IS A CONNECTED PERSON

Each grant of options to a director, chief executive or Substantial Shareholder of the Company or any of their respective Associates under the 2011 Share Option Scheme shall be approved by independent non-executive Directors of the Company (excluding the independent non-executive Director of the Company who is the proposed Grantee of the Option). Where any grant of Options to a Substantial Shareholder or an independent non-executive Director of the Company or any of their respective Associates would result in the securities issued and to be issued upon exercise of all Options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1 per cent. of the Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options must be approved by Shareholders.

The Company shall send a circular to the Shareholders containing the information required under Rule 17.04 of the Listing Rules. All Connected Persons of the Company shall abstain from voting in favour at such general meeting and may be entitled to vote against the relevant resolution provided that his or her intention to do so has been stated in the circular to be sent to the Shareholders. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

(11) CANCELLATION OF OPTIONS

The Board shall be entitled for the following causes to cancel any Option in whole or in part by giving notice in writing to the Grantee stating that such Option is thereby cancelled with effect from the date specified in such notice (the “**Cancellation Date**”):

- (a) the Grantee commits or permits or attempts to commit or permit a breach of paragraphs 3.04 or 7.02 of this Appendix or any terms or conditions attached to the grant of the Option;
- (b) the Grantee makes a written request to the Board for the Option to be cancelled;
- (c) if the Grantee has, in the opinion of the Board, conducted himself in any manner whatsoever to the detriment of or prejudicial to the interests of the Company or a Subsidiary.

The Option shall be deemed to have been cancelled with effect from the Cancellation Date in respect of any part of the Option which has not been exercised as at the Cancellation Date. No compensation shall be payable upon any such cancellation, provided that the Board shall be entitled in its discretion to pay such compensation to the Grantee in such manner as it may consider appropriate in any particular case. Where the Company cancels an Option held by a Grantee and issues new options to the same Grantee, the issue of such new options may only be made under the 2011 Share Option Scheme with available unissued options (excluding the cancelled Option) within the limit approved by the Shareholders set out in paragraph 9 of this Appendix and, subject to the maximum number of Shares available for subscription referred to in paragraph 9 of this Appendix.

(12) REORGANISATION OF CAPITAL STRUCTURE

In the event of any change in the capital structure of the Company while any Option may become or remains exercisable, whether by way of a capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company, the Board may, if it considers the same to be appropriate, direct that adjustments be made to:

- (a) the number of Shares subject to outstanding Options;
- (b) the Subscription Price per Share of each outstanding Option; and/or
- (c) the number of Shares subject to the 2011 Share Option Scheme.

Where the Board determines that adjustments are appropriate (other than an adjustment arising from a capitalisation issue), the Auditors or the IFA (as the Board may select) shall certify in writing to the Board that any such adjustments to be in their opinion fair and reasonable and in compliance with Rule 17.03(13) of the Listing Rules (as amended from time to time) and the notes thereto and the Supplemental Guidance, provided that:

- (i) the aggregate percentage of the issued share capital of the Company available for the grant of Options shall remain as nearly as possible the same as it was before such change but shall not be greater than the maximum number prescribed by the Listing Rules from time to time;
- (ii) any such adjustments shall be made on the basis that the aggregate Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event;
- (iii) no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and
- (iv) any such adjustments shall, as nearly as practicable, be made on the basis that the proportion of the issued share capital of the Company for which any Grantee is entitled to subscribe pursuant to the Options held by him shall remain the same as (but shall not be greater than) that to which he was previously entitled (as interpreted in accordance with the Supplementary Guidance as amended from time to time).

For the avoidance of doubt only, the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring an adjustment.

The capacity of the Auditors or the IFA (as the case may be) in this paragraph 12 is that of experts and not of arbitrators and their certification or confirmation shall, in the absence of manifest error, be final, conclusive and binding on the Company and the Grantees. The costs of the Auditors or the IFA (as the case may be) shall be borne by the Company.

(13) SHARE CAPITAL

The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.

(14) DISPUTES

Any dispute arising in connection with the 2011 Share Option Scheme (whether as to the number of Shares, the subject of an Option, the amount of the Subscription Price or otherwise) shall be referred to the Auditors or the IFA (as the case may be) for decision, who shall act as experts and not as arbitrators and whose decision shall be final and binding.

(15) ALTERATION OF THE 2011 SHARE OPTION SCHEME

The 2011 Share Option Scheme may be altered in any respect by a resolution of the Board except that the following shall not be carried out except with the prior sanction of an ordinary resolution of the Shareholders in general meeting:

- (a) any material alteration to its terms and conditions or any change to the terms of Options granted (except where the alterations take effect under the existing terms of the 2011 Share Option Scheme);
- (b) any alteration, to the advantage of Grantees, to the provisions of the 2011 Share Option Scheme in relation to the matters set out in Rule 17.03 of the Listing Rules;
- (c) any change to the authority of the Directors in relation to any alteration to the terms of the scheme; and
- (d) any alteration to this paragraph 15,

provided always that the amended terms of the 2011 Share Option Scheme shall comply with the applicable requirements of Chapter 17 of the Listing Rules.

(16) TERMINATION

The Company by resolution in general meeting may at any time terminate the operation of the 2011 Share Option Scheme. Upon the expiry or termination of the 2011 Share Option Scheme as aforesaid, no further Options shall be offered but in all other respects the provisions of the 2011 Share Option Scheme shall remain in full force and effect. All Options granted prior to such expiry or termination (as the case may be) and not then exercised shall continue to be valid and exercisable subject to and in accordance with the 2011 Share Option Scheme.

NOTICE OF ANNUAL 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 the Annual 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 Thursday, 5 May 2011 at 2:30 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and the auditor for the year ended 31 December 2010.
2. To declare a final dividend for the year ended 31 December 2010.
3. To re-elect retiring Directors.
4. To fix Directors’ fees (including fees payable to the chairman and members of the Audit Committee and members of the Remuneration Committee).
5. To re-appoint the retiring auditor and to authorise the Directors of the Company to fix its remuneration.
6. To consider as special business, and if thought fit, pass the following resolutions as Ordinary Resolutions with or without amendments:

ORDINARY RESOLUTIONS

A. **THAT:**

- (a) subject to paragraph (c) below and in substitution for all previous authorities, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements, options and other rights, or issue warrants and other securities including bonds, debentures and notes convertible into shares of the Company, which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;

* *for identification purpose only*

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- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements, options and other rights, or issue warrants and other securities, which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or to be allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to or in consequence of:
 - (i) a Rights Issue (as hereinafter defined); or
 - (ii) the exercise of any option under any share option scheme or similar arrangement for the time being adopted for the grant or issue to option holders of shares in the Company; or
 - (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company; or
 - (iv) any adjustment, after the date of grant or issue of any options, rights to subscribe or other securities referred to above, in the price at which shares in the Company shall be subscribed, and/or in the number of shares in the Company which shall be subscribed, on exercise of relevant rights under such options, warrants or other securities, such adjustment being made in accordance with, or as contemplated by, the terms of such options, rights to subscribe or other securities; or
 - (v) a specified authority granted by the shareholders of the Company (the “Shareholders”) in general meeting,

shall not exceed the aggregate of:

- (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution; and
- (bb) (if the Directors of the Company are so authorised by a separate ordinary resolution of the Shareholders) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution),

and the said approval shall be limited accordingly; and

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(d) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiry of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any other applicable laws of Bermuda to be held; or
- (iii) the revocation, variation or renewal of this Resolution by an ordinary resolution of the Shareholders in general meeting.

“Rights Issue” means an offer of shares in the Company, or an offer of warrants, options or other securities giving rights to subscribe for shares, open for a period fixed by the Directors of the Company to holders of shares in the Company on the registers of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject in all cases to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).

B. THAT:

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase its own shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to paragraph (a) above during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution and the authority pursuant to paragraph (a) above shall be limited accordingly; and

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(c) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiry of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any other applicable laws of Bermuda to be held; or
- (iii) the revocation, variation or renewal of this Resolution by an ordinary resolution of the Shareholders in general meeting.

C. **THAT**, conditional upon the passing of Resolution No. 6B, the general mandate granted to the Directors of the Company (pursuant to Resolution No. 6A or otherwise) and for the time being in force to exercise the powers of the Company to allot shares be and is hereby extended by the addition to the aggregate nominal amount of the share capital which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted by the resolution set out as Resolution No. 6B.

D. (1) **THAT**, subject to and conditional upon the Stock Exchange granting the listing of and permission to deal in, the ordinary shares of HK\$1.00 each in the capital of the Company (or of such other nominal amount as may result from a sub-division, consolidation or reduction of the share capital of the Company from time to time) (the “**Shares**”) or any part thereof to be issued pursuant to the exercise of any options that may be granted under the share option scheme of the Company (the “**2011 Share Option Scheme**”), the terms of which are contained in the document marked “A” produced to the meeting and for the purpose of identification signed by the Chairman of the meeting, the 2011 Share Option Scheme be and is hereby approved and adopted as the new share option scheme of the Company and the Directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the 2011 Share Option Scheme, notwithstanding that they or any of them may be interested in the same including without limitation to:

- (a) administer the 2011 Share Option Scheme under which options will be granted to participants eligible under the 2011 Share Option Scheme to subscribe for Shares;

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- (b) modify and/or amend the 2011 Share Option Scheme from time to time provided that such modification and/or amendment is/are effected in accordance with the terms and provisions of the 2011 Share Option Scheme in relation to modifications and/or amendments and the requirement of the Rules Governing the Listing of Securities on the Stock Exchange;
 - (c) issue and allot from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options granted under the 2011 Share Option Scheme provided that the total number of Shares which may be issued upon exercise of all options to be granted under the 2011 Share Option Scheme and any other share option schemes of the Company shall not exceed ten (10) per cent. of the issued share capital of the Company as at the date of passing this resolution (the “**Scheme Mandate Limit**”), with the acknowledgment that the Company may seek an approval from the Shareholders in general meeting to refresh the Scheme Mandate Limit from time to time but provided always that the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2011 Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed thirty (30) per cent. of the issued share capital of the Company from time to time; and
 - (d) make application at the appropriate time or times to the Stock Exchange and any other stock exchanges upon which the issued Shares may be listed at the relevant time for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of options granted under the 2011 Share Option Scheme.
- (2) **THAT**, subject to and conditional upon the passing of the Resolution No. 6D(1) above of which this resolution forms part and the condition referred to therein being satisfied or fulfilled, the existing share option scheme adopted by the Company on 17 April 2002 (the “**2002 Share Option Scheme**”) be and is hereby terminated with effect from the conclusion of this meeting such that thereafter no further options shall be offered under the 2002 Share Option Scheme but the options which had been granted, if any, during the life of the 2002 Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the 2002 Share Option Scheme shall remain in full force and effect.

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7. To consider as special business, and if thought fit, pass the following resolution as Special Resolution:

SPECIAL RESOLUTION

THAT the Bye-laws of the Company be and are amended in the following manner:

(1) Bye-law 1

- (a) by inserting the following new definitions of “business day” immediately following existing definition of “Bermuda” in Bye-law 1(A):

“**business day**” shall mean any day on which the Designated Stock Exchange is generally open for the business of dealing in securities. For the avoidance of doubt, where the Designated Stock Exchange is closed for the business of dealing in securities in Hong Kong on a business day by reason of a Number 8 or higher typhoon signal or black rainstorm warning, such day shall for the purposes of these Bye-laws be counted as a business day”;

- (b) by inserting the following new definition of “Designated Stock Exchange” immediately following existing definition of “debenture” and “debenture holder” in Bye-law 1(A):

“**Designated Stock Exchange**” shall mean a stock exchange which is an appointed stock exchange for the purposes of the Companies Act in respect of which the shares of the Company are listed or quoted and where such appointed stock exchange deems such listing or quotation to be the primary listing or quotation of the shares of the Company”;

- (c) by deleting paragraph Bye-law 1(D) in its entirety and substituting therefor the following new Bye-law 1(D):

“(D) A resolution shall be a Special Resolution when it has been passed by a majority of not less than three-fourths of the votes cast by such shareholders as, being entitled so to do, vote in person or, by duly authorised corporate representative or, where proxies are allowed, by proxy at a general meeting held in accordance with these presents and of which notice has been given in accordance with Bye-law 63.”;

- (d) by deleting paragraph Bye-law 1(E) in its entirety and substituting therefor the following new Bye-law 1(E):

“(E) A resolution shall be an Ordinary Resolution when it has been passed by a simple majority of the votes cast by such shareholders as, being entitled so to do, vote in person or by duly authorised

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corporate representative or, where proxies are allowed, by proxy at a general meeting held in accordance with these presents and of which notice has been given in accordance with Bye-law 63.”;

(2) Bye-law 44

by deleting Bye-law 44 in its entirety and substituting therefor the following new Bye-law 44:

“44. Subject to the rules of the Designated Stock Exchange, the registration of transfers may be suspended and the Register may be closed at such times or for such periods not exceeding in the whole 30 days in any year as the Board may determine and either generally or in respect of any class of shares.”;

(3) Bye-law 63

by deleting Bye-law 63 in its entirety and substituting therefor the following new Bye-law 63:

“63. Subject to the provisions in the Companies Act, an annual general meeting shall be called by notice of not less than 20 clear business days and any special general meeting shall be called by notice of not less than 10 clear business days. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business, and shall be given, in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under these Bye-laws, entitled to receive such notices from the Company, provided that, subject to the provisions of the Companies Act and if permitted by the rules of the Designated Stock Exchange, a meeting of the Company shall notwithstanding that it is called by shorter notice than that specified in this Bye-law be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as the annual general meeting, by all the shareholders entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the shareholders having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of issued shares giving that right.”;

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(4) Bye-law 81

by deleting Bye-law 81 in its entirety and substituting therefor the following new Bye-law 81:

“81. Any shareholder of the Company entitled to attend and vote at a meeting of the Company or a meeting of the holders of any class of shares in the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. Votes may be given either personally or by a duly authorised corporate representative or by proxy. A proxy need not be a shareholder of the Company. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. In addition, a proxy or proxies representing either an individual shareholder or a shareholder which is a corporation, shall be entitled to exercise the same powers on behalf of the shareholder which he or they represent as such shareholder could exercise.”;

(5) Bye-law 87

by deleting Bye-law 87(B) in its entirety and substituting therefor the following new Bye-law 87(B):

“(B) If a Clearing House (or its nominee) is a shareholder of the Company, it may appoint such person or persons as it thinks fit to act as its proxy or proxies or as its corporate representative or representatives, to the extent permitted by the Companies Act, at any meeting of the Company or at any meeting of any class of shareholders of the Company provided that, if more than one proxy or, corporate representative is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy or corporate representative is so appointed. A person so appointed under the provisions of this Bye-law shall be entitled to exercise the same powers on behalf of the Clearing House (or its nominee) which he represents as that Clearing House (or its nominee) could exercise as if it were an individual shareholder. The number of persons a Clearing House (or its nominee) may appoint to act as its corporate representative or representatives shall not exceed the number of shares held by a Clearing House (or its nominee), being shares in respect of which there is an entitlement to attend and vote at the relevant meeting. Any proxies appointed as aforesaid shall not be subject to the provisions of Bye-laws 76 or 81A(B) limiting the number of proxies so appointed which may vote on a show of hands or requiring the relevant appointment of proxy to designate which proxy is entitled to vote on a show of hands.”;

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(6) Bye-law 144

by deleting Bye-law 144 in its entirety and substituting therefor the following new Bye-law 144:

“144. Notice of the declaration of an interim dividend shall be given in such manner as the Board shall determine.”;

(7) Bye-law 162

(a) by deleting Bye-law 162(B) in its entirety and substituting therefor the following new Bye-law 162(B):

“(B) Subject to paragraph (C) below, every balance sheet of the Company shall be signed on behalf of the Board by two of the Directors and a copy of every balance sheet (including every document required by law to be comprised therein or annexed thereto) and profit and loss account which is to be laid before the Company at its annual general meeting, together with a copy of the Directors’ report and a copy of the Auditors’ report, shall not less than twenty-one days before the date of the meeting be served or delivered by post, by electronic means or by other means in accordance with these Bye-laws to every shareholder of, and every holder of debentures of, the Company and every other person entitled to receive notices of general meetings of the Company under the provisions of the Companies Act or these Bye-laws, provided that this Bye-law shall not require a copy of those documents to be served or delivered to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures, but any shareholder or holder of debentures to whom a copy of those documents has not been served or delivered shall be entitled to receive a copy free of charge on application at the Head Office or the Registration Office. If all or any of the shares or debentures of the Company shall for the time being be (with the consent of the Company) listed or dealt in on any stock exchange, there shall be forwarded to the appropriate officer of such stock exchange such number of copies of such documents as may for the time being be required under its regulations or practice.”;

(b) by deleting Bye-law 162(C) in its entirety and substituting therefor the following new Bye-law 162(C):

“(C) The Company may serve or deliver by post, by electronic means or by other means in accordance with these Bye-laws summarized financial statements to shareholders of the Company who have, in

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accordance with the Statutes and any applicable rules prescribed by the Designated Stock Exchange, consented and elected to receive summarized financial statements in lieu of the full financial statements. The summarized financial statements must be accompanied by an auditor's report and notice informing the shareholder how to notify the Company that he elects to receive the full financial statements. The summarized financial statements, notice and auditor's report must be served or delivered not less than twenty-one days before the general meeting to those shareholders who consented and elected to receive the summarized financial statements.”;

- (c) by deleting Bye-law 162(D) in its entirety and substituting therefor the following new Bye-law 162(D):

“(D) Subject to section 88 of the Companies Act, the Company shall serve or deliver the full financial statements to a shareholder within seven days of receipt of the shareholder's election to receive the full financial statements.”;

(8) Bye-law 167

by deleting Bye-laws 167(A) (i) and 167(A) (ii) in their entireties and substituting therefor the following new Bye-laws 167(A) (i) and 167(A) (ii):

“167(A)(i) Except where otherwise expressly stated, any notice or document (including any “corporate communication” within the meaning ascribed thereto under the rules of the Designated Stock Exchange) to be given to or by any person pursuant to these Bye-laws shall be in writing or, to the extent permitted by the Statutes and any applicable rules prescribed by the Designated Stock Exchange from time to time and subject to this Bye-law, contained in an electronic communication. A notice calling a meeting of the Directors need not be in writing.

- (ii) Any notice or document to be given to or by any person pursuant to these Bye-laws may be served on or delivered to any shareholder of the Company either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such shareholder at his registered address as appearing in the Register or by leaving it at that address addressed to the shareholder or by any other means authorised in writing by the shareholder concerned or (other than share certificates) by publishing it by way of advertisement in at least one English language newspaper and one Chinese language newspaper

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circulating generally in Hong Kong. In case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be sufficient notice to all the joint holders. Without limiting the generality of the foregoing but subject to the Statutes and any rules prescribed by the Designated Stock Exchange from time to time, a notice or document (including any “corporate communication” within the meaning ascribed thereto under the rules of the Designated Stock Exchange) may be served or delivered by the Company to any shareholder by electronic means to such address as may from time to time be authorised by the shareholder concerned or by publishing it on a website and notifying the shareholder concerned that it has been so published (“notice of availability”). The notice of availability may be given to the shareholder by any of the means set out above (except by way of publishing on a website), subject to compliance with the requirements of the Statutes and the rules of the Designated Stock Exchange.”;

(9) Bye-law 169

- (a) by deleting Bye-law 169(B) in its entirety and substituting therefor the following new Bye-law 169(B):

“(B) Any notice or document (including any “corporate communication” within the meaning ascribed thereto under the rules of the Designated Stock Exchange), if sent by electronic means (including through any relevant system), shall be deemed to have been given on the day following that on which the electronic communication was sent by or on behalf of the Company. Any notice or document served or delivered by the Company by any other means authorised in writing by the shareholder concerned shall be deemed to have been served when the Company has carried out the action it has been authorised to take for that purpose. Any notice or document (including any “corporate communication” within the meaning ascribed thereto under the rules of the Designated Stock Exchange) published on a website shall be deemed given by the Company to a shareholder on the later of (i) the date on which a notice of availability is deemed served on such shareholder and (ii) the date on which such notice or document was published on the website.”;

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(b) by deleting Bye-law 169(C) in its entirety and substituting therefor the following new Bye-law 169(C):

“(C) A notice or document served by way of advertisement in the Newspapers or in an appointed newspaper shall be deemed to have been served or delivered on the day it was so published.”; and

(10) Bye-law 178

by deleting Bye-law 178(A) in its entirety and substituting therefor the following new Bye-law 178(A):

“178(A) Save and except to the extent only that the provisions of this Bye-law shall be avoided by any provisions of the Statutes, the Directors, Managing Directors, alternate Directors, Auditors, Secretary and other officers for the time being of the Company and the trustees (if any) for the time being acting in relation to any of the affairs of the Company, and their respective executors or administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, liabilities, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain:

- (i) in connection with their duties, the exercise of their powers or otherwise in connection with their respective offices or trusts, except such (if any) as they shall incur or sustain through their own wilful neglect, wilful default, fraud or dishonesty, and none of them shall be answerable for the acts, receipts, neglects or defaults of any other of them, or for joining in any receipt for the sake of conformity, or for any bankers or other persons with whom any moneys or effects of the Company shall be lodged or deposited for safe custody, or for the insufficiency or deficiency of any security upon which any moneys of the Company shall be placed out or invested, or for any other loss, misfortune or damage which may arise in the execution of their respective offices or trusts, or in relation thereto, except as the same shall happen by or through their own wilful neglect, wilful default, fraud or dishonesty and the indemnity contained in this Bye-law shall extend to any person acting as a Director or officer in the reasonable belief that has been so appointed or elected notwithstanding any defect in such appointment or election; and

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- (ii) in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted, or in connection with any application under the Statutes in which relief from liability is granted to him by the court, and to the extent that any person is entitled to claim an indemnity pursuant to these Bye-laws in respect of amounts paid or discharged by him, such indemnity shall take effect as an obligation of the Company to reimburse the person making such payment or effecting such discharge.”

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

Hong Kong, 28 March 2011

*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) (the “AGM”) 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 AGM, 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 AGM 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 will 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 of the AGM. Completion and return of the form of proxy will not preclude a member from attending the AGM and voting in person if he so wishes.
4. The registers of members of the Company will be closed from Tuesday, 3 May 2011 to Thursday, 5 May 2011, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited at the above address not later than 4:00 p.m. on Friday, 29 April 2011.
5. All the resolutions set out in this notice shall be decided by poll.