
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, 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, stockbroker 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

**PROPOSAL FOR GRANT OF GENERAL MANDATE
TO REPURCHASE SHARES AND
NOTICE OF ANNUAL GENERAL MEETING**

Resolutions will be proposed at the Annual General Meeting of Kerry Properties Limited to be held at Atrium I & II, Level 39, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong on Tuesday, 15 April 2003 at 10:30 am 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 Abacus Share Registrars Limited, the Company's branch share registrars in Hong Kong, of G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting.

21 March 2003

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at 10:30 am on Tuesday, 15 April 2003 at Atrium I & II, Level 39, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong
“Company”	Kerry Properties Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“KGL”	Kerry Group Limited
“Latest Practicable Date”	16 March 2003, 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
“Notice”	a notice dated 19 March 2003 convening the Annual General Meeting, a copy of which is set out on pages 6 to 8 of this circular
“Share(s)”	the ordinary share(s) of HK\$1.00 each in the share capital of the Company
“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 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 the Share Resolution
“Share Resolution”	the ordinary resolution referred to in item 6B of the Notice
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers

LETTER FROM THE BOARD



KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

嘉里建設有限公司

Executive Directors:

Mr. KUOK Khoon Loong, Edward
(Chairman)

Mr. ANG Keng Lam
(Deputy Chairman and Joint Managing Director)

Mr. WONG Siu Kong
(Joint Managing Director)

Mr. HO Shut Kan

Mr. Thaddeus Thomas BECZAK

Independent Non-Executive Directors:

Dr. FUNG Kwok King, Victor

Mrs. LEE Pui Ling, Angelina

Mr. Christopher Roger MOSS, O.B.E.

Registered Office:

Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

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

13-14/F, Cityplaza 3
14 Taikoo Wan Road
Taikoo Shing
Hong Kong

19 March 2003

To the shareholders of Kerry Properties Limited

Dear Sir or Madam,

PROPOSAL FOR GRANT OF GENERAL MANDATE TO REPURCHASE SHARES AND NOTICE OF ANNUAL GENERAL MEETING

1. INTRODUCTION

The purpose of this circular is to provide you with information relating to the Share Repurchase Mandate to enable you to make an informed decision on whether to vote for or against the Share Resolution to be proposed at the Annual General Meeting.

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 2002 annual general meeting of the Company held on 17 April 2002.

2. GENERAL MANDATE TO REPURCHASE SHARES

The Share 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.

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

LETTER FROM THE BOARD

3. ANNUAL GENERAL MEETING

Notice of the Annual General Meeting is set out on pages 6 to 8 of this circular. At the Annual General Meeting, ordinary resolutions will be proposed to approve, inter alia, the Share Repurchase Mandate.

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 Abacus Share Registrars Limited, the Company's branch share registrars in Hong Kong, of G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, 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.

4. RECOMMENDATION

The Directors are of the opinion that the grant of the Share Repurchase Mandate is in the best interests of the Company and its shareholders. Accordingly, the Directors recommend shareholders to vote in favour of the Share Resolution to be proposed at the Annual General Meeting.

Yours faithfully,
On Behalf of the Board of
Kerry Properties Limited
Kuok Khoon Loong, Edward
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 1,170,550,794 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 Resolution to approve the Share Repurchase Mandate may be repurchased by the Directors. Subject to the passing of the Share Resolution, on the basis that no further Shares are issued prior to the Annual General Meeting and ignoring other restrictions, such as the limitation on the basis of trading volume, the Company would be allowed under the Share Repurchase Mandate to repurchase up to a maximum of 117,055,079 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 accounts contained in the annual report of the Company for the year ended 31 December 2002 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. GENERAL

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 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 (as defined in the Listing Rules) have a present intention, in the event that the Share Resolution is adopted by shareholders of the Company, to sell Shares to the Company or its subsidiaries.

No connected person (as defined in the Listing Rules) has notified the Company that it has a present intention to sell Shares held by it to the Company, or has undertaken not to do so, in the event that the Company is authorized to make repurchases of its Shares.

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 Takeover 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 Takeover Code. As at the Latest Practicable Date, KGL was directly or indirectly interested in 741,530,134 Shares under the Securities (Disclosure of Interests) Ordinance, which constituted approximately 63.349 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 70.388 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 Takeover Code as a consequence of any repurchases pursuant to the Share Repurchase Mandate.

5. SHARE REPURCHASES MADE BY THE COMPANY

During the six months prior to the Latest Practicable Date, the Company repurchased a total of 226,500 fully-paid up Shares on the Stock Exchange, all of which were cancelled, as follows:

Date of Repurchase	Number of Shares Repurchased	Repurchase Price Per Share	
		Highest HK\$	Lowest HK\$
23 December 2002	30,000	5.55	5.55
27 December 2002	96,500	5.55	5.50
30 December 2002	100,000	5.50	5.45

Save as aforesaid, the Company has not repurchased any Shares (whether on the Stock Exchange or otherwise) in the previous six months prior to the Latest Practicable Date.

6. MARKET PRICES

During each of the 12 months preceding 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 HK\$	Lowest Price HK\$
2002	March	7.70	6.50
	April	8.55	6.80
	May	9.40	8.35
	June	8.60	7.70
	July	8.50	6.90
	August	7.65	6.80
	September	6.90	5.70
	October	5.90	5.10
	November	6.35	5.45
	December	6.40	5.35
2003	January	6.55	5.55
	February	6.95	6.40

NOTICE OF ANNUAL GENERAL MEETING



KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

嘉里建設有限公司

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Kerry Properties Limited (the “Company”) will be held at Atrium I & II, Level 39, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong on Tuesday, 15 April 2003 at 10:30 am for the following purposes:

1. To receive and consider the audited accounts and the reports of the directors and the auditors for the year ended 31 December 2002.
2. To declare a final dividend for the year ended 31 December 2002.
3. To re-elect a retiring director.
4. To fix directors’ fees.
5. To re-appoint the retiring auditors and to authorise the directors of the Company to fix their remuneration.
6. To consider as Special Business, and if thought fit, pass with or without amendments the following resolutions as 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;
- (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

NOTICE OF ANNUAL GENERAL MEETING

- (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 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 of the Company) 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

- (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 of the Company 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

NOTICE OF ANNUAL GENERAL MEETING

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

(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 of the Company 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.

By Order of the Board
Chow Yin Ping, Anita
Company Secretary

Hong Kong, 19 March 2003

*Head Office and Principal Place
of Business in Hong Kong:*
13th and 14th Floors,
Cityplaza 3, 14 Taikoo Wan Road,
Taikoo Shing, Hong Kong

Notes:

1. Every member entitled to attend and vote at the above meeting (or at any adjournment thereof) is entitled to appoint up to two individuals as his proxies to attend and vote instead of him. A proxy need not be a member of the Company. The number of proxies appointed by a clearing house (or its nominee) is not subject to the aforesaid limitation.
2. Where there are joint registered holders of any share, any one of such persons may vote at the above meeting (or at any adjournment thereof), either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the registers of members of the Company in respect of such share will alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member, and several trustees in bankruptcy or liquidators of a member in whose name any share stands will for this purpose be deemed joint holders thereof.
3. In order to be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be deposited at the Company's branch share registrars in Hong Kong, Abacus Share Registrars Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding the above meeting (or at any adjournment thereof).
4. The registers of members of the Company will be closed from Wednesday, 9 April 2003 to Tuesday, 15 April 2003, 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 registrars in Hong Kong, Abacus Share Registrars Limited at the above address not later than 4:00 p.m. on Tuesday, 8 April 2003.
5. Concerning Resolution No. 6C in this notice, approval is being sought from members for an extension of the general mandate sought to be granted to the directors of the Company to allot shares by adding to it the number of shares which shall have been repurchased under the authority to be granted pursuant to Resolution No. 6B in this notice.