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KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

嘉里建設有限公司*

website: <http://www.kerryprops.com>

(Stock Code: 00683)

DESPATCH OF CIRCULAR, FURTHER INFORMATION CONTAINED IN THE KPL CIRCULAR AND PROPOSED ADOPTION OF CHINESE NAME AND NEW BYE-LAWS

The circular containing, among other things, further details of the Master Agreement and the Underlying Contracts, property valuation reports on the Sites, a letter of recommendation from the independent board committee of the Company, a letter of advice from the independent financial adviser to the independent board committee of the Company and the KPL Independent Shareholders, and a notice of the special general meeting of the Company, will be despatched to the KPL Shareholders on 31 May 2004.

The Directors also announce that the Company would like to adopt 「嘉里建設有限公司」 as the Chinese name of the Company for identification purposes, and to adopt new bye-laws which, among other things, reflect the changes required by the Listing Rules.

DESPATCH OF CIRCULAR

Reference is made to the announcement dated 3 May 2004 (the “**Joint Announcement**”) issued jointly by Kerry Properties Limited (the “**Company**” or “**KPL**”) and Shangri-La Asia Limited (“**SA**”). Unless otherwise defined, terms used herein shall have the same meanings as defined in the Joint Announcement.

The directors of the Company (the “**Directors**”) are pleased to announce that the circular in relation to, inter alia, the Master Agreement and the Underlying Contracts and certain transactions contemplated thereunder (the “**KPL Circular**”) will be despatched to the KPL Shareholders on 31 May 2004. The KPL Circular contains, among other things, further details of the Master Agreement and the Underlying Contracts, property valuation reports on the Sites, a letter of recommendation from the independent board committee of the Company, a letter of advice from the independent financial adviser to the independent board committee of the Company and the KPL Independent Shareholders, and a notice of the special general meeting of the Company.

The special general meeting of the Company (the “SGM”) will be held on 25 June 2004, details of which are set out in the notice of the SGM in the KPL Circular. The KPL Independent Shareholders are advised to read the KPL Circular carefully before deciding whether or not to vote in favour of the ordinary resolution to be proposed at the SGM to approve certain transactions contemplated by the Master Agreement and the Underlying Contracts.

FURTHER INFORMATION CONTAINED IN THE KPL CIRCULAR

The Directors would like to update investors on further information contained in the KPL Circular which were not available at the time of the Joint Announcement.

The Directors would like to state that it is the current intention of the Company and SA to retain the Project for investment holding purpose, except the residential portion which may be considered for sale depending on the prevailing market conditions, and, if sold, the proceeds will be used to fund the development of the Project.

Based on the initial plan relating to the Project, the following is the breakdown of the KPL Group’s estimated commitment for the Project:

	<i>HK\$’000</i>	<i>HK\$’000</i>
The KPL Group’s total financial commitment for the Project (based on 50.5% of the estimated total cost of the Project in the sum of US\$600,000,000)	2,363,400	
Estimated project bank loans to be obtained by Company 1 (proportionate to the KPL Group’s 50.5% interest in the Project) (Note 1)	(1,221,090)	
Estimated net proceeds from operation of the Project (proportionate to the KPL Group’s 50.5% interest in the Project) (Note 2)	<u>(330,876)</u>	
Estimated funds required from the KPL Group	811,434	811,434
<i>Less:</i> Cash generated from disposal of 48.5% interest in Site 2		(99,659)
50.5% share of total cost of Site 2 already contributed by KSD		<u>(86,225)</u>
Balance of estimated direct cash contribution from the KPL Group		<u><u>625,550</u></u>

However, the above breakdown based on the initial plan will be subject to changes during the progress of the Project and will be reassessed from time to time taking into consideration the most cost-effective use of funds and prevailing market conditions. To the extent any changes in the plan involve increased cash contribution from the KPL Group in excess of HK\$625,550,000, these will be met from resources available to the KPL Group such as internal cash funds and available borrowing facilities.

Notes:

1. The amount of estimated bank loans ranging between 50% to 55% of the development project costs for the Project is arrived with reference to the SA Group’s and the KPL Group’s past experience in obtaining project loans for their development projects in the PRC.

2. The amount of estimated net proceeds from operation of the Project is calculated based on the prevailing rental and market price of similar high end properties in Shanghai.

PROPOSED ADOPTION OF CHINESE NAME AND NEW BYE-LAWS

The Company has been using the Chinese name 「嘉里建設有限公司」 for identification purposes since 1996. In order to formalise the use of such Chinese name and to better reflect the identity of the Company in Chinese, the Directors announce that the Company would like to adopt 「嘉里建設有限公司」 as the Chinese name of the Company for identification purposes.

In addition, following the recent changes to the Listing Rules which came into effect on 31 March 2004, it has become necessary for the Company to amend its bye-laws to reflect the changes required by the new Listing Rules. The Directors announce that the Company would like to take this opportunity to adopt new bye-laws which not only reflect the changes required by the Listing Rules but also bring the Company's bye-laws up to date with certain current best practices.

The proposed adoption of each of the Chinese name and the new bye-laws is subject to the passing of a special resolution by the KPL Shareholders at a duly convened special general meeting. As the Company will be convening the SGM to consider the transactions referred to in the Joint Announcement, the Directors propose that the special resolutions to approve the adoption of the Chinese name and the new bye-laws be tabled to the KPL Shareholders at the same special general meeting.

Further information relating to the adoption of the Chinese name and the new bye-laws has been set out in the KPL Circular. A further announcement will be made when the proposed adoption of Chinese name of the Company becomes effective.

As at the date of this announcement, the Directors are Messrs. Ang Keng Lam⁺, Wong Siu Kong⁺, Ho Shut Kan⁺, Ma Wing Kai, William⁺ and Lau Ling Fai, Herald[#], Mrs. Lee Pui Ling, Angelina[#] and Mr. Christopher Roger Moss[#], O.B.E..

⁺ *executive director*

[#] *independent non-executive director*

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

Hong Kong, 28 May 2004

* *For identification purpose only*

“Please also refer to the published version of this announcement in The South China Morning Post”