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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)

**DISCLOSEABLE TRANSACTION RELATING TO
THE ACQUISITION OF LAND IN HANGZHOU**

A letter from the Board is set out on pages 4 to 9 of this circular.

* *for identification purposes only*

28 November 2005

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DEFINITIONS

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

“Additional Land”	three plots of land adjacent to the Site with a total developable site area of 1,436 sq.m., to be acquired by KPL Hangzhou under a separate land contract to be entered into with HLRB and a separate land development compensation contract to be entered into with HLRC
“Allgreen”	Allgreen Properties Limited, a company incorporated in Singapore with limited liability, the shares of which are listed on the Singapore Exchange Securities Trading Limited
“Associated Corporations”	has the meaning ascribed to it in Part XV of the SFO
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors of the Company
“circular”	this circular, including the appendix hereto
“Company”	Kerry Properties Limited, an exempted company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“connected persons”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the aggregate consideration of RMB2,513 million (approximately HK\$2,416 million) payable by the Group for the acquisition and clearance of the Site and the Additional Land, comprising (i) the land premium of RMB1,353 million (approximately HK\$1,301 million) under the Land Contract and the land development compensation fee of RMB1,107 million (approximately HK\$1,064 million) under the Land Development Compensation Contract for the acquisition and clearance of the Site; and (ii) the land premium of RMB29 million (approximately HK\$28 million) and the land development compensation fee of RMB24 million (approximately HK\$23 million) for the acquisition and clearance of the Additional Land

DEFINITIONS

“Directors”	the directors of the Company
“Excluded Businesses”	the businesses of the Directors which, as at the Latest Practicable Date, competed or were likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses in which (a) the Group was interested and (b) the Directors’ only interests were as directors appointed to represent the interests of the Group
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HLRB”	the Bureau of Land Resources Hangzhou (杭州市國土資源局), a government agent of the Municipal People’s Government of Hangzhou, the PRC
“HLRC”	Hangzhou Land Reserve Centre (杭州市土地儲備中心), a government agent of the Municipal People’s Government of Hangzhou, the PRC under HLRB
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Kerry EAS Logistics”	嘉里大通物流有限公司 Kerry EAS Logistics Limited, a sino-foreign joint venture company established in the PRC and owned as to 70% by the Company indirectly
“KPL Hangzhou”	Kerry Properties (Hangzhou) Ltd. 嘉里建設(杭州)有限公司, a limited liability company incorporated under the laws of Samoa and an indirect wholly-owned subsidiary of the Company
“Land Contract”	the contract dated 28 October 2005 for the acquisition of the Site by the Group, as more particularly set out in the paragraph headed “The Land Contract” of this circular
“Land Development Compensation Contract”	the contract dated 28 October 2005 for the payment of land development compensation fee by KPL Hangzhou to HLRC in respect of the clearance of the Site, as more particularly set out in the paragraph headed “The Land Development Compensation Contract” of this circular

DEFINITIONS

“Latest Practicable Date”	16 November 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 to the Listing Rules
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SA”	Shangri-La Asia Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are primarily listed on the Main Board of the Stock Exchange with secondary listing on the Singapore Exchange Securities Trading Limited
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Site”	two plots of land situated in Xia Cheng District (下城區), Hangzhou, the PRC with a developable site area of 52,517 sq.m. and 13,421 sq.m., respectively, acquired by KPL Hangzhou under the Land Contract
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in section 2(4) of the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong)
“%”	per cent.

Note: In this circular, unless stated otherwise, the exchange rate of RMB1.04 = HK\$1.00 has been used.

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. ANG Keng Lam (*Chairman*)

Mr. WONG Siu Kong

(*Deputy Chairman and Managing Director*)

Mr. HO Shut Kan

Mr. MA Wing Kai, William

Independent Non-Executive Directors:

Mr. William Winship FLANZ

Mr. LAU Ling Fai, Herald

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

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:*

13-14/F, Cityplaza 3

14 Taikoo Wan Road

Taikoo Shing

Hong Kong

* for identification purposes only

28 November 2005

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

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION RELATING TO THE ACQUISITION OF LAND IN HANGZHOU

1. INTRODUCTION

On 4 November 2005, the Company announced that KPL Hangzhou won a bid at an open bidding held in Hangzhou, the PRC to acquire the Site. Accordingly, KPL Hangzhou has entered into the Land Contract with HLRB and the Land Development Compensation Contract with HLRC. In accordance with the terms of the Land Contract and the Land Development Compensation Contract, HLRC will be responsible for the clearance of the Site and HLRB will

LETTER FROM THE BOARD

deliver the vacant Site to KPL Hangzhou upon clearance of the Site. Based on the relevant percentage ratios under the total assets test and the consideration test, the acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is to give you (i) further details of the Land Contract and the Land Development Compensation Contract; and (ii) other information prescribed by the Listing Rules.

2. DETAILS OF THE LAND CONTRACT

2.1 Date

28 October 2005

2.2 Parties

Purchaser: KPL Hangzhou

Vendor: HLRB, i.e. The Bureau of Land Resources Hangzhou (杭州市國土資源局), a government agent of the Municipal People's Government of Hangzhou, the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, HLRB and its ultimate beneficial owner are third parties independent of and not connected with the Company and connected persons of the Company.

2.3 Acquisition

Pursuant to the Land Contract, KPL Hangzhou will acquire the Site. The Land Contract also provides that KPL Hangzhou shall enter into a separate land contract with HLRB for the acquisition of the Additional Land after HLRC has completed the vacation of the Additional Land. This constitutes a legally binding obligation on both HLRB and KPL Hangzhou in relation to the acquisition of the Additional Land. KPL Hangzhou and HLRB have yet to agree on the timetable for the acquisition of the Additional Land and the payment terms.

2.4 Consideration

The consideration for the acquisition of the Site is RMB1,353 million (approximately HK\$1,301 million), being the land premium for the acquisition of the Site and payable by KPL Hangzhou in cash (i) as to 20% within 10 days after the signing of the Land Contract; (ii) as to 40% before 28 June 2006; and (iii) as to the remaining 40% before 31 March 2007.

The land premium of RMB29 million (approximately HK\$28 million) for the acquisition of the Additional Land, calculated with reference to the same unit land premium of RMB20,519 per sq.m. of the developable site area (approximately HK\$19,730 per sq.m. of the developable

LETTER FROM THE BOARD

site area) for the acquisition of the Site as set out in the Land Contract, shall be payable by KPL Hangzhou after HLRC has completed the vacation of the Additional Land, subject to the terms and conditions of a separate land contract to be entered into between KPL Hangzhou and HLRB.

2.5 Completion Date

HLRB will deliver the Site to KPL Hangzhou upon clearance of the Site by HLRC. Completion will take place within 10 days after full payment of the land premium and the land development compensation fee for the acquisition of the Site. The Company will make further announcement as required under the Listing Rules if the Land Contract and the Land Development Compensation Contract are not completed by 10 October 2007.

2.6 Consequences of breach of the Land Contract

If HLRB fails to deliver the Site to KPL Hangzhou within six (6) months after the date of completion of the Land Contract, KPL Hangzhou may terminate the Land Contract. In such circumstances, HLRB shall refund to KPL Hangzhou all the payments made under the Land Contract and KPL Hangzhou may claim damages against HLRB as a result of the breach of the Land Contract on the part of HLRB.

3. DETAILS OF THE LAND DEVELOPMENT COMPENSATION CONTRACT

3.1 Date

28 October 2005

3.2 Parties

KPL Hangzhou and HLRC, i.e. Hangzhou Land Reserve Centre (杭州市土地儲備中心), a government agent of the Municipal People's Government of Hangzhou, the PRC under HLRB.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, HLRC and its ultimate beneficial owner are third parties independent of and not connected with the Company and connected persons of the Company.

3.3 Consideration

The consideration for the clearance of the Site is RMB1,107 million (approximately HK\$1,064 million), being the land development compensation fee and payable by KPL Hangzhou in cash (i) as to 20% within 10 days after the signing of the Land Development Compensation Contract; (ii) as to 40% before 28 June 2006; and (iii) as to the remaining 40% before 31 March 2007.

The land development compensation fee of RMB24 million (approximately HK\$23 million) with respect to the Additional Land, calculated in accordance with the same unit land

LETTER FROM THE BOARD

development compensation fee of RMB16,788 per sq.m. of the developable site area (approximately HK\$16,142 per sq.m. of the developable site area) for the clearance of the Site as set out in the Land Development Compensation Contract, shall be payable by KPL Hangzhou after HLRC has completed the vacation of the Additional Land, subject to the terms and conditions of a separate land development compensation contract to be entered into between KPL Hangzhou and HLRC.

3.4 Consequences of breach of the Land Development Compensation Contract

HLRC shall be responsible for the clearance of the Site and delivering a vacant Site to KPL Hangzhou in accordance with the time limit stipulated in the Land Contract, failing which KPL Hangzhou is entitled to claim damages against HLRC for the breach of the Land Development Compensation Contract.

4. INFORMATION ON THE SITE AND THE ADDITIONAL LAND

The Site is situated at Xia Cheng District (下城區), Hangzhou and comprises two plots of land with a developable site area of 52,517 sq.m. and 13,421 sq.m., respectively. The Additional Land comprises three plots of land adjacent to the Site with a total developable site area of 1,436 sq.m. The Site and the Additional Land are currently comprised in, and used as, the campus of the Zhejiang University.

5. INFORMATION ON HLRB, HLRC AND THE COMPANY

5.1 Information on HLRB

HLRB is the government agent of the Municipal People's Government of Hangzhou, the PRC, responsible for, *inter alia*, the planning, administration, management and grant of land use right of land resources in Hangzhou, the PRC.

5.2 Information on HLRC

HLRC is the government agent of the Municipal People's Government of Hangzhou, the PRC under HLRB, responsible for, *inter alia*, the acquisition and management of land resources in Hangzhou, the PRC, and building up land reserve for HLRB.

5.3 Information on the Company

The Group is principally engaged in (1) property development and investment in Hong Kong, the PRC and the Asia Pacific region; (2) logistics, freight, warehouse ownership and operations; (3) infrastructure-related investment in Hong Kong and the PRC; and (4) hotel ownership in the PRC.

LETTER FROM THE BOARD

6. REASONS FOR, AND BENEFITS OF, THE ACQUISITION

The acquisition provides an opportunity for the Group to increase the land bank for development.

The Directors believe that it is in the best interests of the Company and its shareholders as a whole to make the acquisition at the Consideration set out herein. The Site and the Additional Land are located in a prime area of Hangzhou as they are less than 1 kilometre from the northeast corner of Xihu (西湖) and borders Yan An Road (延安路), a major commercial road which has a bustling commercial and retail activity, on the eastern side. The Site and the Additional Land are ideal for a mixed-use property development comprising hotel, apartments and commercial shopping complex.

In addition, Hangzhou has an active tourism industry and has benefited from the economic growth of the Yangtze River Delta Region of the PRC. These features are expected to generate a strong demand for high-end apartments and high quality commercial properties, and the development of a high quality hotel in Hangzhou.

It is anticipated that the Site and the Additional Land will be developed as a mixed-used property development which includes, but not limited to, hotel, apartments and commercial shopping complex. It is currently anticipated that the development work on the Site and the Additional Land may commence in the second quarter of 2007 and will be completed by the first quarter of 2009. The Company may or may not invite another investor to participate in the aforesaid development project. Subject to market conditions, the Group currently intends that the apartments will be developed for sale and the commercial shopping complex will be developed for leasing purpose, whilst the hotel will be developed for commercial operation.

7. FINANCIAL EFFECTS OF THE ACQUISITION ON THE GROUP

It is currently expected that the Consideration will be funded from the Group's internal resources and/or external bank borrowings. The acquisition is not expected to have any material impact on the assets, liabilities and earnings of the Group.

The Consideration has been arrived at following a successful bid by KPL Hangzhou at an open bidding held in Hangzhou on 21 October 2005 and taking into account the prime location, and thus the potential value, of the Site and the Additional Land as detailed under the paragraph headed "Reasons for, and benefits of, the acquisition" of this circular. Under the terms of the bid, the minimum amount of consideration (comprising the land premium and the land development compensation fee) for the acquisition of the Site is RMB1,500 million (approximately HK\$1,442 million). The consideration payable for the acquisition and clearance of the Site of RMB2,460 million (approximately HK\$2,365 million) represents a premium of 64% over and above the abovementioned minimum amount of consideration of RMB1,500 million (approximately HK\$1,442 million) for the Site under the terms of the bid.

LETTER FROM THE BOARD

8. IMPLICATIONS UNDER THE LISTING RULES

The total assets of the Company as at 30 June 2005 (being the date on which the Company's unaudited consolidated financial statements were last published) were HK\$38,377 million, and the market capitalisation of the Company (determined on the basis of the Company's average closing share price of HK\$19.59 for the five trading days of the Company's shares on the Stock Exchange during the period from 21 October to 27 October 2005 (being the last trading day immediately preceding the date of the Land Contract and the Land Development Compensation Contract, both dates inclusive) is HK\$23,813 million. Based on the Consideration of RMB2,513 million (approximately HK\$2,416 million) payable by the Group for the acquisition of the Site and the Additional Land, the relevant percentage ratios under the total assets test and the consideration test (as defined under Rule 14.09 of the Listing Rules) are approximately 6.3% and 10.1%, respectively. Accordingly, the acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

9. GENERAL

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of
Kerry Properties Limited
Ang Keng Lam
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DIRECTORS' DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests of the Directors in the shares, underlying shares and debentures of the Company or any of its Associated Corporations which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

(i) The Company

Name of Director	Number of ordinary shares				Number of underlying ordinary shares held under equity derivatives	Total	Percentage of aggregate interests to total number of ordinary shares in issue* %
	Personal interests	Family interests	Corporate interests	Other interests			
Mr. ANG Keng Lam	2,621 ¹	–	–	3,121,620 ²	6,201,877 ³	9,326,118	0.77
Mr. WONG Siu Kong	–	–	–	2,655,234 ²	3,319,794 ³	5,975,028	0.49
Mr. HO Shut Kan	–	–	–	2,655,234 ²	1,371,044 ³	4,026,278	0.33
Mr. MA Wing Kai, William	7,309 ¹	–	–	–	1,532,371 ³	1,539,680	0.13
Mr. William Winship FLANZ	–	–	–	–	–	–	–
Mr. LAU Ling Fai, Herald	–	–	–	–	–	–	–
Mr. Christopher Roger MOSS, O.B.E	–	–	–	–	–	–	–
Mr. TSE Kai Chi	–	–	–	–	–	–	–

(ii) Associated Corporations

Name of Associated Corporation	Name of Director	Number of ordinary shares				Number of underlying ordinary shares held under share options	Total	Percentage of aggregate interests to total number of ordinary shares in issue %
		Personal interests	Family Interests	Corporate interests	Other interests			
EDSA Properties Holdings Inc.	Mr. HO Shut Kan	1,570 ¹	–	–	–	–	1,570 [#]	0.00
Kerry Group Limited	Mr. ANG Keng Lam	–	7,050,000 ⁴	–	8,000,000 ²	5,566,221 ⁵	20,616,221	1.44 [@]
	Mr. WONG Siu Kong	–	–	6,254,300 ⁶	–	4,638,517 ⁵	10,892,817	0.76 [@]
	Mr. HO Shut Kan	765,000 ¹	–	–	–	927,703 ⁵	1,692,703	0.12 [@]
	Mr. MA Wing Kai, William	1,010,620 ¹	–	–	–	–	1,010,620	0.07 [@]
	Mr. Tse Kai Chi	400,000 ¹	–	–	–	1,855,407 ⁵	2,255,407	0.16 [@]
Kerry Siam Seaport Limited	Mr. ANG Keng Lam	1 ¹	–	–	–	–	1	0.00
	Mr. MA Wing Kai, William	1 ¹	–	–	–	–	1	0.00

Notes:

1. This represents interests held by the relevant director as beneficial owner.
2. This represents interests held by the relevant director through a discretionary trust of which the relevant director is a contingent beneficiary.
3. This represents interests in options held by the relevant director as a beneficial owner to subscribe for the relevant underlying ordinary shares in respect of the option shares granted by the Company under the 1997 and 2002 share option schemes.
4. This represents interests held by the relevant director and his spouse through a discretionary trust of which the relevant director and his spouse are contingent beneficiaries.
5. This represents interests in options held by the relevant director as a beneficial owner to subscribe for the relevant underlying ordinary shares in respect of the option shares granted by Kerry Group Limited.
6. This represents interests held by the relevant director through his controlled corporation(s).

* The percentage has been adjusted based on the total number of ordinary shares of the Company in issue as at the Latest Practicable Date (i.e. 1,215,660,613 ordinary shares).

[#] The relevant notification was filed under the repealed Securities (Disclosure of Interests) Ordinance.

[@] The percentage has been adjusted based on the total number of ordinary shares of Kerry Group Limited in issue as at the Latest Practicable Date (i.e. 1,428,527,311 ordinary shares).

All the interests disclosed in sections (i) and (ii) above represent long positions in the shares of the Company or the Associated Corporations.

Saved as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, a service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation, other than statutory compensation.

4. COMPETING INTERESTS

As at the Latest Practicable Date, the following Directors were considered to have interests in the following Excluded Businesses:

- (a) Mr. Ang Keng Lam was a director of and had interests in shares in Allgreen, the businesses of which consisted of property investment and development, project management and operation of office premises, retail space and serviced apartments in Singapore. The Directors believe that as the size of these Excluded Businesses is not insignificant when compared with the property businesses of the Group, it is likely that these Excluded Businesses may compete with the property businesses of the Group in the Asia Pacific region. Allgreen was listed on the Singapore Exchange Securities Trading Limited as at the Latest Practicable Date;
- (b) Messrs. Ang Keng Lam and Wong Siu Kong were directors of and had interests in shares in the SA group of companies, the businesses of which consisted of hotel ownership and operation. The Directors believe that as the size of that part of these Excluded Businesses in Beijing, where the Group has hotel businesses, is not insignificant when compared with the hotel business of the Group in Beijing, it is likely that these Excluded Businesses may compete with the hotel business of the Group in Beijing. SA was listed on the Stock Exchange as at the Latest Practicable Date;
- (c) Messrs. Ang Keng Lam and Wong Siu Kong were directors of (but did not have any interests in shares in) the China World Trade Center Ltd. group of companies, the businesses of which consisted of property investment and development and hotel ownership and operation in the PRC. The Directors believe that as the size of these Excluded Businesses is not insignificant when compared with the property and hotel businesses of the Group in the PRC, it is likely that these Excluded Businesses may compete with the property and hotel businesses of the Group in the PRC;

- (d) Mr. Wong Siu Kong was a director of and had interests in shares in the Kuok (Singapore) Limited group of companies, the businesses of which consisted of owners and operators of warehouses in Singapore and Malaysia. The Directors believe that as the size of these Excluded Businesses is not insignificant when compared with the warehouse businesses of the Group in the South East Asian market, it is likely that these Excluded Businesses may compete with the warehouse businesses of the Group in the South East Asian market; and
- (e) the Executive Directors of the Company were directors of and/or had interests in shares in the Kerry Group Limited group of companies, the businesses of which consisted of property investment and development, hotel ownership and operation, warehouse ownership and operation, port terminal ownership and operation and freight operations. The size of these Excluded Businesses is considered to be insignificant when compared with similar businesses of the Group. On this basis, the Directors do not consider any competition between these Excluded Businesses as specified under this paragraph and similar businesses of the Group to be significant.

The Excluded Businesses are operated and managed by companies (and in the case of Allgreen and SA, by publicly listed companies) with independent management and administration. On this basis, the Directors believe that the Group is capable of carrying on its businesses independently of the Excluded Businesses and at arm's length from the Excluded Businesses.

5. LITIGATION

Kerry EAS Logistics, which is a subsidiary in which the Group has a 70% interest, is involved in a legal case in which an airline operator, together with five other plaintiffs, including the insurers of the aircraft, are claiming for damages, costs and interest, against six defendants, including Kerry EAS Logistics, on a joint and several basis in relation to the alleged damages amounting to approximately US\$65.6 million (equivalent to approximately HK\$511.7 million, based on an exchange rate of US\$1 = HK\$7.80) caused to an aircraft in 2000 in respect of the transportation of certain chemical substance.

The damages sought by the plaintiffs of approximately US\$65.6 million represent the market value of the aircraft at the time when the damage occurred less the resale value of the aircraft after repairs. According to the pleadings and the affidavits of the five other plaintiffs, the airline operator was compensated by these plaintiffs for 15% of the total loss. The remaining 85% of the total loss was compensated by other reinsurers. These reinsurers have not brought any legal action against the six defendants as at the Latest Practicable Date.

Based on the opinion of J&J Law Firm, the legal advisers to the Group, the allegation and the said amount claimed by the plaintiffs against Kerry EAS Logistics were not substantiated and it is unlikely that Kerry EAS Logistics will be found liable for the claimed damages and losses.

Save as disclosed above, as at the Latest Practicable Date, the Company was not aware of any further development of this legal action. Pursuant to the sale and purchase agreement for the acquisition of Kerry EAS Logistics, the vendor of Kerry EAS Logistics has undertaken to indemnify the Group in full in respect of all losses, costs, expenses and other responsibilities and liabilities arising in respect of various litigations against Kerry EAS Logistics, including the one referred to above.

As at the Latest Practicable Date, save as disclosed above, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claim of material importance and, so far as the Directors were aware, no litigation or arbitration or claim of material importance was pending or threatened by or against any member of the Group.

6. EXPERT

The following is the qualification of the expert who has been named in this circular or has given opinion or advice which are contained in this circular:

Name	Qualification
J&J Law Firm	qualified PRC lawyers

J&J Law Firm has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its opinion prepared for the purpose of incorporation in this circular, and the references to its name and opinion in the form and context in which they respectively appear.

As at the Latest Practicable Date, J&J Law Firm did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any direct or indirect interests in any assets which have since 31 December 2004 (being the date to which the latest published audited accounts of the Group were made up) been acquired or disposed of by or leased to any members of the Group, or were proposed to be acquired or disposed of by or leased to any members of the Group.

7. MISCELLANEOUS

- (a) The Qualified Accountant of the Company is Ms. Chang Yin Wa. Ms. Chang is a Fellow of the Hong Kong Institute of Certified Public Accountants and a Fellow of the Association of Chartered Certified Accountants.
- (b) The Secretary of the Company is Ms. Chow Yin Ping, Anita. Ms. Chow is an associate member of both the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries.
- (c) The Company’s Hong Kong branch share registrar and transfer office is Abacus Share Registrars Limited, G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (d) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.