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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)

FINAL DIVIDEND OF HK\$0.50 PER SHARE FOR THE YEAR ENDED 31 DECEMBER 2005 – MARKET VALUE OF FINAL SCRIP DIVIDEND SHARES

This announcement is to advise the shareholders of the Company who are entitled to receive the 2005 Final Dividend the following information regarding the 2005 Final Scrip Dividend Scheme:

- a. how the final scrip dividend entitlements are derived;
- b. further details with respect to the election for Final Scrip Dividend Shares; and
- c. the despatch of dividend warrants and/or share certificates.

The market value of a new Share to be allotted pursuant to the 2005 Final Scrip Dividend Scheme has been set at HK\$28.58.

INTRODUCTION

On Friday, 24 March 2006, the Directors recommended the 2005 Final Dividend and that entitled shareholders of the Company may elect to receive such dividend wholly or partly by allotment of Final Scrip Dividend Shares. At the annual general meeting of the Company held on Wednesday, 3 May 2006, the 2005 Final Dividend was approved. The registers of members of the Company were closed from Friday, 28 April 2006 to Wednesday, 3 May 2006, both days inclusive.

MARKET VALUE OF THE FINAL SCRIP DIVIDEND SHARES

The market value of Final Scrip Dividend Shares has been set at HK\$28.58 per Share, which is equivalent to the average closing prices of the Shares quoted on the Stock Exchange for the five consecutive trading days immediately after the Record Date.

CALCULATION OF THE NUMBER OF FINAL SCRIP DIVIDEND SHARES

The number of Final Scrip Dividend Shares that electing shareholders of the Company will receive will be calculated as follows:

$$\begin{array}{rcccl} \text{Number of Final Scrip} & & \text{Number of existing Shares held} & & \\ \text{Dividend Shares to be received} & = & \text{on the Record Date for which} & & \text{HK\$0.50} \\ & & \text{election is made under the 2005} & \times & \text{HK\$28.58} \\ & & \text{Final Scrip Dividend Scheme} & & \hline \end{array}$$

The number of Final Scrip Dividend Shares to be received will be rounded down to the nearest whole number thereof. No shareholder of the Company is entitled to be issued any fraction of a Share under the 2005 Final Scrip Dividend Scheme. Fractional entitlements to the Final Scrip Dividend Shares will be disregarded and will be aggregated and sold for the benefit of the Company. The Final Scrip Dividend Shares will rank *pari passu* in all respects with the existing issued Shares except that they shall not rank for the 2005 Final Dividend.

OVERSEAS SHAREHOLDERS

No person resident in any jurisdiction other than in Hong Kong may join the 2005 Final Scrip Dividend Scheme unless in such jurisdiction it would be lawful to join without contravention of any registration or other legal requirements. The overseas shareholders of the Company on the Record Date had registered addresses in Australia (New South Wales), Canada (Ontario), United Arab Emirates (Dubai), Indonesia, Isle of Man, Malaysia, the PRC, Singapore, Thailand, the United Kingdom and the United States of America.

The Directors have been advised by legal counsel that, without complying with local approval and/or registration requirements and/or other formalities under the laws of the relevant jurisdictions, subject to certain exceptions as mentioned in the following paragraphs of this section headed “Overseas Shareholders”, the 2005 Final Scrip Dividend Scheme may not be offered to or for the account of shareholders of the Company with registered addresses in the United States of America (including its territories and possessions), Malaysia and the PRC. As it would not be cost-effective or expedient for the Company to comply with the approval and/or registration requirements and/or other formalities under the laws of the relevant jurisdictions, the Directors have decided that, subject to certain exceptions as mentioned in the following paragraphs of this section headed “Overseas Shareholders”, it would be expedient to exclude shareholders of the Company with registered addresses in these jurisdictions (the “Excluded Shareholders”) from the 2005 Final Scrip Dividend Scheme.

The 2005 Final Scrip Dividend Scheme will be offered to those Excluded Shareholders that can prove to the satisfaction of the Company that such action would not result in a contravention of any applicable legal or regulatory requirements. Excluded Shareholders who wish to participate in the 2005 Final Scrip Dividend Scheme should notify the Company in writing immediately. Forms of election will be sent to all shareholders of the Company as at the Record Date other than the Excluded Shareholders who did not or could not prove to the satisfaction of the Company that such action will not result in a contravention of any applicable laws or regulatory requirements by the Company. A circular giving details of the 2005 Final Scrip Dividend Scheme will be sent to all shareholders of the Company as at the Record Date. However, Excluded Shareholders will be deemed to have received such circular for information only. Excluded Shareholders, other than those participating in the 2005 Final Scrip Dividend Scheme in accordance with this paragraph, will receive their dividends in cash in the usual way.

The Directors have been advised that shareholders of the Company in the Province of Ontario, Canada may be lawfully offered the option to participate in the 2005 Final Scrip Dividend Scheme without a prospectus, registration or other formalities under Canadian securities legislation. However, unless certain conditions are satisfied, securities obtained by way of scrip dividend can only be traded under a prospectus or in accordance with exemptions from prospectus and registration requirements. While shareholders of the Company in the Province of Ontario will not be excluded from the 2005 Final Scrip Dividend Scheme, such shareholders are advised to consult their own professional advisers whether it would be beneficial or expedient for them to participate in the 2005 Final Scrip Dividend Scheme. The Company is not aware that it has any shareholders in Canada with a registered address outside the Province of Ontario.

The Directors have also been advised that shareholders of the Company in the United Kingdom may be lawfully offered the option to participate in the 2005 Final Scrip Dividend Scheme without a prospectus, registration or other formalities under UK securities legislation.

DESPATCH OF CIRCULARS AND FORMS OF ELECTION

A circular giving details of the 2005 Final Scrip Dividend Scheme together with the relevant form of election for electing Final Scrip Dividend Shares, if applicable, will be sent to the shareholders of the Company in accordance with relevant local and overseas laws, regulations and requirements on or about Tuesday, 16 May 2006.

DEADLINE FOR RETURNING FORMS OF ELECTION

Eligible shareholders of the Company who wish to elect to receive the 2005 Final Dividend wholly in Final Scrip Dividend Shares, or partly in Final Scrip Dividend Shares and partly in cash, must lodge the forms of election with Abacus Share Registrars 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 later than 4:00 p.m. on Friday, 2 June 2006.

GENERAL INFORMATION

Application will be made to the Stock Exchange for the grant of listing of, and permission to deal in, the Final Scrip Dividend Shares. It is expected that the dividend warrants in relation to the 2005 Final Dividend and/or share certificates with respect to the Final Scrip Dividend Shares will be despatched at the risk of those shareholders entitled thereto at their respective registered addresses on or about Friday, 9 June 2006.

As at the date of this announcement, the executive Directors are Messrs. Ang Keng Lam, Wong Siu Kong, Ho Shut Kan and Ma Wing Kai, William, the non-executive Director is Mr. Tse Kai Chi and the independent non-executive Directors are Messrs. William Winship Flanz, Lau Ling Fai, Herald and Christopher Roger Moss, O.B.E.

DEFINITIONS

“2005 Final Dividend”	the final dividend of HK\$0.50 per Share for the year ended 31 December 2005 payable on Friday, 9 June 2006 to the shareholders of the Company whose names were recorded on the registers of members of the Company on the Record Date
“2005 Final Scrip Dividend Scheme”	the scheme proposed by the Directors on Friday, 24 March 2006 in relation to the 2005 Final Dividend to offer the shareholders of the Company a scrip alternative to elect to receive such dividend wholly or partly by allotment of new Shares credited as fully paid in lieu of cash
“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
“Directors”	the directors of the Company
“Final Scrip Dividend Shares”	new Shares to be issued under the 2005 Final Scrip Dividend Scheme
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Record Date”	Wednesday, 3 May 2006
“Share(s)”	ordinary share(s) of par value HK\$1.00 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 11 May 2006

* *For identification purpose only*

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