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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)

**CONNECTED TRANSACTIONS RELATING TO
THE ESTABLISHMENT OF JOINT VENTURE FOR
THE ACQUISITION, HOLDING AND DEVELOPMENT
OF LAND IN CHENGDU, PRC
AND
RE-ELECTION OF THE RETIRING DIRECTORS**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**

COMMERZBANK 
Commerzbank AG

A letter from the Board is set out on pages 5 to 15 of this circular. A letter from the Independent Board Committee is set out on page 16 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 30 of this circular.

Resolutions will be proposed at the Special 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 Friday, 23 November 2007 at 3:00 p.m. to approve the matters referred to in this circular.

The notice convening the Special General Meeting is set out on pages 39 and 40 of this circular. A form of proxy for use at the Special General Meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed 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 Special General Meeting.

* *for identification purpose only*

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DEFINITIONS

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

“Affiliate(s)”	in relation to any JV Party, any subsidiary or holding company of that JV Party or subsidiary of any such holding company, in each case from time to time;
“AGCD”	Allgreen Properties (Chengdu) Pte. Ltd., a limited liability company incorporated in Singapore and wholly-owned by APL;
“Agreements”	collectively, the Confirmation Agreement, the Shareholders’ Agreement and the Articles of Association;
“APL”	Allgreen Properties Limited, a company incorporated in Singapore with limited liability, the shares of which are listed on SGX;
“APL Group”	APL and its subsidiaries;
“Articles of Association”	the articles of association of the JVCO;
“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;
“Bye-laws”	the bye-laws of the Company;
“circular”	this circular, including the appendices hereto;
“Company” or “KPL”	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;
“Confirmation Agreement”	the agreement dated 12 October 2007 and entered into by MPL and AGCD with Chengdu Land Resources Bureau (成都市國土資源局) confirming the winning of the bid for the Project Site;
“connected persons”	has the meaning ascribed to it in the Listing Rules;
“connected transactions”	has the meaning ascribed to it in the Listing Rules;

DEFINITIONS

“Consideration”	the consideration for the acquisition of the Project Site as more particularly set out in the section headed “Details of the Confirmation Agreement” in the Letter from the Board of this circular;
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules;
“Directors”	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;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent committee of the Board consisting of all the independent non-executive Directors;
“Independent Financial Adviser” or “Commerzbank”	Commerzbank AG, acting through its Hong Kong branch, a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and an authorised financial institution under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as set out in Schedule 5 to the SFO, and appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions;
“Independent Shareholders”	Shareholders who are not required to abstain from voting in respect of the KPL Resolution at the Special General Meeting;
“JV Parties”	collectively, the Company, KHL and APL;

DEFINITIONS

“JVCO”	寰安置業(成都)有限公司 Million Palace Development (Chengdu) Co., Ltd., a wholly foreign-owned enterprise to be established by MPL and AGCD in Chengdu, PRC for the purpose of acquiring, holding and developing the Project Site;
“KHL”	Kerry Holdings Limited, a company incorporated in Hong Kong, which as at the Latest Practicable Date is interested in 753,166,519 Shares as disclosed under the SFO, representing approximately 53.28% of the existing issued share capital of the Company;
“KPL Resolution”	the resolution(s) to ratify, confirm and approve the Agreements and the transactions contemplated thereunder by the Independent Shareholders at the Special General Meeting;
“KSL”	Kuok (Singapore) Limited, a company incorporated in Singapore, being the controlling shareholder of APL;
“Latest Practicable Date”	1 November 2007, 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;
“MPL”	Million Palace Limited (寰安有限公司), a company incorporated in Hong Kong with limited liability and wholly-owned by STIL;
“PRC”	The People’s Republic of China;
“Project Site”	a plot of land no. GX63 (252/211): 2007-077 located at Tong Pai Village Lot 11, Huayin Village Lot 9, Dengta Village Lot 8 and Shuanghe Village Lot 3, GX-2007-01-08, Hi-Tech Industrial Development Zone, Chengdu, Sichuan Province, PRC (中國四川省成都市高新區雙河村三組、燈塔村八組、花蔭村九組、銅牌村十一組 GX-2007-01-08之第GX63 (252/211): 2007-077號地塊) with a gross area of approximately 56,916.49 sq.m.;

DEFINITIONS

“Re-election Resolutions”	the resolutions to re-elect the retiring Directors by all the Shareholders at the Special General Meeting;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGX”	Singapore Exchange Securities Trading Limited;
“Share(s)”	ordinary share(s) of HK\$1.00 each in the capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into by MPL and AGCD in relation to the establishment of the JVCO;
“Special General Meeting”	the special 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 Friday, 23 November 2007 at 3:00 p.m. at which the KPL Resolution and the Re-election Resolutions will be proposed, the notice of which is set out on pages 39 and 40 of this circular;
“sq.m.”	square metres;
“STIL”	Step Top Investments Limited (晉峰投資有限公司), a limited liability company incorporated in Samoa in which the Company and KHL have an indirect interest of approximately 73.3% and a direct interest of approximately 26.7%, respectively;
“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);
“Transactions”	the entering into of Agreements by MPL and AGCD and the transactions contemplated thereunder; and
“%”	per cent.

Note: In this circular, amounts quoted in RMB have been translated into HK\$ at the reference rate of HK\$1.00 = RMB0.965 for illustration purpose only. Such translation should not be construed as a representation that the relevant amounts have been, could have been, or could be, converted at that or any other rate or at all.



KERRY PROPERTIES LIMITED

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嘉里建設有限公司*

website: www.kerryprops.com

(Stock Code: 00683)

Directors:

Mr. ANG Keng Lam⁺ (*Chairman*)

Mr. WONG Siu Kong⁺

(Deputy Chairman and Managing Director)

Mr. HO Shut Kan⁺

Mr. MA Wing Kai, William⁺

Mr. CHAN Wai Ming, William

Mr. QIAN Shaohua

Mr. William Winship FLANZ[#]

Mr. KU Moon Lun[#]

Mr. LAU Ling Fai, Herald[#]

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

5 November 2007

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

Dear Sir or Madam,

**CONNECTED TRANSACTIONS RELATING TO
THE ESTABLISHMENT OF JOINT VENTURE FOR
THE ACQUISITION, HOLDING AND DEVELOPMENT
OF LAND IN CHENGDU, PRC
AND
RE-ELECTION OF THE RETIRING DIRECTORS**

1. INTRODUCTION

On 15 October 2007, the Board announced that a consortium formed between MPL and AGCD had won a bid at an open bidding to acquire the land use rights of the Project Site in Chengdu, PRC. Accordingly, on 12 October 2007, MPL and AGCD entered into the Confirmation Agreement with Chengdu Land Resources Bureau (成都市國土資源局) confirming the winning of the bid for the Project Site.

⁺ *Executive Director*

[#] *Independent Non-executive Director*

[@] *Non-executive Director*

^{*} *for identification purpose only*

LETTER FROM THE BOARD

Following the successful bidding of the Project Site, the Company and KHL will procure MPL and APL will procure AGCD to establish the JVCO for the acquisition, holding and development of the Project Site and enter into the Shareholders' Agreement and the Articles of Association in connection with the establishment of the JVCO and the development of the Project Site.

MPL is an indirect non wholly-owned subsidiary of the Company in which the Company holds an indirect interest of approximately 73.3% and KHL holds the remaining interest of approximately 26.7% indirectly. AGCD is a direct wholly-owned subsidiary of APL. Accordingly, the entering into of the Transactions constitutes a connected transaction for the Company under the Listing Rules. As the maximum total investment amount in the JVCO exceeds 2.5% of the total assets of the Group, the Transactions are subject to the approval of the Independent Shareholders.

The Independent Board Committee has been formed to advise the Independent Shareholders in relation to the Transactions. Commerzbank has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Transactions.

The purpose of this circular is to provide you with, *inter alia*, further information in respect of the Transactions and other information prescribed by the Listing Rules. This circular also contains a letter of advice from Commerzbank to the Independent Board Committee and the Independent Shareholders in respect of the Transactions, a letter of advice containing the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Transactions and a notice of the Special General Meeting.

2. DETAILS OF THE CONFIRMATION AGREEMENT

Details of the Confirmation Agreement are as follows:

Date:	12 October 2007
Vendor:	Chengdu Land Resources Bureau (成都市國土資源局)
Purchaser:	MPL and AGCD
Project Site:	The Project Site is situated in the Hi-Tech Industrial Development Zone, Chengdu, Sichuan Province, PRC (中國四川省成都市高新區). The gross site area is approximately 56,916.49 sq.m. and is designated for a mixture of residential use and commercial use. The terms for the grant of the land use rights of the Project Site are 70 years for the residential portion and 40 years for the commercial portion.

LETTER FROM THE BOARD

Consideration: The Consideration for the acquisition of the Project Site is RMB1,041.6 million (equivalent to approximately HK\$1,079.4 million). An initial payment of HK\$59 million (equivalent to approximately RMB57 million) has been paid. An aggregate amount representing 30% of the Consideration (including the initial payment of HK\$59 million) shall be paid upon signing of the land contract to be entered into between the JVCO and Chengdu Land Resources Bureau (成都市國土資源局) and the balance of the Consideration shall be payable in accordance with the terms of the land contract.

Land Contract: The land contract for the Project Site will be signed within the time frame prescribed in the Confirmation Agreement and after the establishment of the JVCO in respect of the Project Site.

3. DETAILS OF THE SHAREHOLDERS' AGREEMENT AND THE ARTICLES OF ASSOCIATION

Following the successful bidding of the Project Site, the Company and KHL will procure MPL and APL will procure AGCD to establish the JVCO for the acquisition, holding and development of the Project Site and enter into the Shareholders' Agreement and the Articles of Association in connection with the establishment of the JVCO and the development of the Project Site. The principal terms of the Shareholders' Agreement and the Articles of Association to be entered into between MPL and AGCD will be as follows:

Name of the JVCO: 寰安置業(成都)有限公司 Million Palace Development (Chengdu) Co., Ltd.

Parties to the JVCO: MPL and AGCD

Registered Capital: The amount of the registered capital will be equal to the Consideration or such amount to be agreed between MPL and AGCD, which will be contributed in the proportions of 75% and 25%, respectively.

Maximum Total Investment Amount: The maximum total investment amount shall be approximately RMB2,100 million (HK\$2,176 million).

Scope of Business: Real estate development, operation, leasing and property management.

LETTER FROM THE BOARD

Funding and Provision of Securities:

The board of directors of the JVCO shall from time to time determine the sources and terms of future funding requirements of the JVCO, which may be satisfied by way of funding from banks or financial institutions on such terms as the board of directors of the JVCO shall approve or by way of shareholders' loans or by such other way as the board of directors of the JVCO shall determine.

If any funding by banks or financial institutions is required, each JV Party shall provide or procure the provision of or make available by itself and/or its Affiliates several corporate guarantees and indemnities for the benefit of the JVCO on a pro-rata basis based on its then equity interest in the JVCO and upon the same terms and conditions as such lender(s) and the JV Parties may agree. If shareholders' funding is required in the form of shareholders' loans, each JV Party shall provide such funding on a pro-rata basis in accordance with its then equity interest in the JVCO and upon the same terms and conditions.

Conditions Precedent:

The establishment of the JVCO and the performance of the Shareholders' Agreement and the Articles of Association are conditional upon:

- (a) approval by the Independent Shareholders in respect of the Transactions and compliance by the Company with the Listing Rules;
- (b) approval by the independent shareholders of APL in respect of the Transactions and compliance by APL with the listing requirements of SGX, if required; and
- (c) all necessary approvals from the relevant PRC authorities for the establishment of the JVCO having been obtained.

LETTER FROM THE BOARD

Termination of Joint Venture:

- (a) In the event that the Company is not able to obtain approval from the Independent Shareholders in respect of the Transactions or the special general meeting to be convened by the Company approving the same is not held on or before 31 December 2008 or such later date as the JV Parties shall agree, the Company shall itself (or through its nominee(s)) acquire the entire interest in the JVCO (or the holding companies holding the Project Site) and reimburse to the other JV Parties any payment made or expenses incurred in connection with, *inter alia*, the acquisition of the Project Site or the establishment of the JVCO to acquire the Project Site.

- (b) In the event that APL is not able to obtain approval from its independent shareholders, if required, in respect of the Transactions or the extraordinary general meeting to be convened by APL approving the same is not held on or before 31 December 2008 or such later date as the JV Parties shall agree, APL shall be deemed to have withdrawn from the arrangement in relation to the JVCO. In this connection, the Company and KHL shall themselves (or through MPL or any of their respective Affiliates) acquire the interest held by the APL Group in the JVCO (or the holding companies holding the Project Site) in such proportions as the Company and KHL shall then agree and STIL shall reimburse to the APL Group any payment made or expenses incurred in connection with, *inter alia*, the acquisition of the Project Site or the establishment of the JVCO to acquire the Project Site.

- (c) If all necessary approvals, consents, authorisation and licences required under the Shareholders' Agreement and the Articles of Association are not obtained within 18 months from the signing thereof or such later date as the JV Parties shall agree, any JV Party may terminate the arrangement in relation to the JVCO by notice in writing to the other JV Parties. Upon termination, the Company shall itself (or through its nominee(s)) acquire the entire interest in the JVCO (or the holding companies holding the Project Site) and reimburse to the other JV Parties any payment made or expenses incurred in connection with the acquisition of the Project Site or the establishment of the JVCO.

The Company will comply with the requirements of the Listing Rules if any of (a) or (b) above happens.

LETTER FROM THE BOARD

Board of Directors: The board of directors of the JVCO will consist of 4 directors, of whom 3 shall be nominated by MPL and 1 nominated by AGCD. The chairman shall be nominated by MPL.

Profit Distribution: Profits will be distributed to the JV Parties in proportion to their respective capital contributions to the registered capital of JVCO.

4. INFORMATION ON THE PROJECT SITE

The Project Site is located at the Hi-Tech Industrial Development Zone, Chengdu, Sichuan Province, PRC (中國四川省成都市高新區). The Project Site has a gross area of approximately 56,916.49 sq.m. and is capable of being developed into a mixed use of residential and commercial development. The land use term for the residential portion shall be 70 years and the commercial portion shall be 40 years.

5. FINANCIAL EFFECTS OF THE TRANSACTIONS

Based on the maximum total investment amount in the JVCO of RMB2,100 million (HK\$2,176 million), the maximum contributions of the Group, KHL and the APL Group to JVCO are expected to be RMB1,155 million (HK\$1,197 million), RMB420 million (HK\$435 million) and RMB525 million (HK\$544 million), respectively.

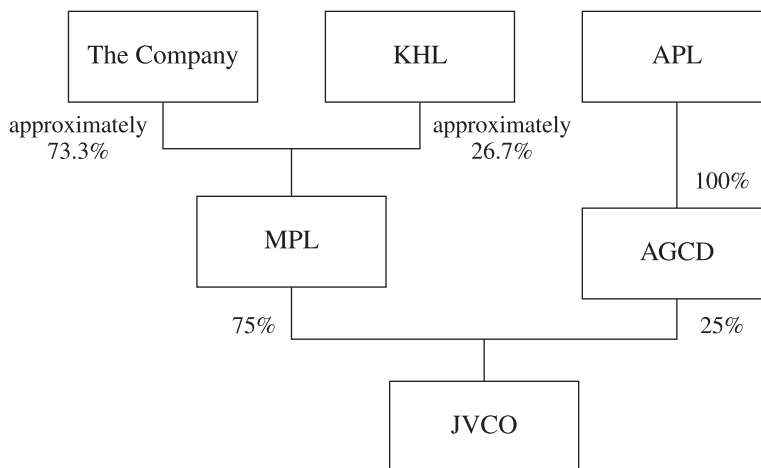
The Consideration has been arrived at following a successful bid by a consortium formed between MPL and AGCD at an open bidding after taking into account the location and potential value of the Project Site. It is currently expected that the funding required by the Company for making the maximum contribution to the JVCO will be sourced by the Company from its internal cash reserves and/or external bank borrowings. The funding requirement for making the maximum contribution is not expected to have any material impact on the Group.

Following completion of the Transactions, JVCO will become an indirect approximately 55% owned subsidiary of the Group.

LETTER FROM THE BOARD

6. INFORMATION ON THE JVCO

Following completion of the Transactions, JVCO will be owned by the Company, KHL and APL in the proportions of 55%, 20% and 25%, respectively. The shareholding structure of the JVCO, immediately after completion of the Transactions, will be as set out below:



7. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Directors believe that the joint acquisition of the Project Site will enable the Group to participate in the development of a piece of prime land in Chengdu, PRC. The development mix and the proposed area for different components of the development are based on the preliminary conceptual design and will be subject to further changes and revision. With the combined experience, standing and expertise of the JV Parties in commercial and residential projects, the development of the Project Site is expected to enhance Shareholders' value and provide recurrent income for the Group. The establishment of the JVCO for the development of the Project Site allows the Company to spread the project risk and maintain the borrowing at a reasonable level so that the Company can take up other investment opportunities as and when such opportunities arise.

The project is expected to be developed and completed within three years. The construction of the Project Site is expected to commence in the first quarter of 2008 and to be completed in 2010.

In connection with the development and project management of the Project Site, it is expected that the Group will provide certain on-going project management, construction management and project consultancy services to the JVCO during the period of construction of the Project Site at a fee of not more than 2% of the total construction costs. In this connection, the Company will comply with the relevant requirements under the Listing Rules.

LETTER FROM THE BOARD

8. INFORMATION ABOUT THE COMPANY, KHL AND APL

The Group is principally engaged in (i) property development, investment and management in Hong Kong, the PRC and the Asia Pacific region; (ii) logistics, freight and warehouse ownership and operations; (iii) infrastructure-related investment in Hong Kong and the PRC; and (iv) hotel ownership in Hong Kong, and hotel ownership and operations in the PRC.

KHL is an investment holding company. As at the Latest Practicable Date, KHL is interested in 753,166,519 Shares as disclosed under the SFO, representing approximately 53.28% of the existing issued share capital of the Company and is the controlling shareholder of the Company.

APL is listed on the SGX. APL and its subsidiaries are principally engaged in property development and investment, project management and trading in building materials. KSL is interested in approximately 34.1% of the existing issued share capital of APL. KSL owns 100% of a company which is interested in 33% of the issued shares of a 67%-owned subsidiary of the Company. Therefore, APL is a connected person of the Company.

9. IMPLICATIONS UNDER THE LISTING RULES

MPL is an indirect non wholly-owned subsidiary of the Company in which the Company holds an indirect interest of approximately 73.3% and KHL holds the remaining interest of approximately 26.7% indirectly. AGCD is a direct wholly-owned subsidiary of APL.

Accordingly, the entering into of the Agreements constitutes a connected transaction for the Company under the Listing Rules. As the maximum total investment amount in the JVCO exceeds 2.5% of the total assets of the Group, the Transactions are subject to the approval of the Independent Shareholders.

The Independent Board Committee has been formed to advise the Independent Shareholders in relation to the Transactions. Commerzbank has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Transactions.

10. RECOMMENDATIONS

Having taken into account the recommendation and advice from Commerzbank in relation to the Agreements and the transactions contemplated thereunder (as contained in the letter from Commerzbank set out on pages 17 to 30 of this circular), the Independent Board Committee is of the view that the terms of the Agreements are on normal commercial terms and are fair and reasonable and the Transactions are in the interests of the Company and its Shareholders as a whole and so far as the Independent Shareholders are concerned. Accordingly, the Directors (including the independent non-executive Directors) consider that the terms of the Agreements are on normal commercial terms and are fair and reasonable and the Transactions are in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

Your attention is drawn to the letter from the Independent Board Committee set out on page 16 of this circular, which contains its recommendation to the Independent Shareholders, and the letter from Commerzbank set out on pages 17 to 30 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Agreements and the transactions contemplated thereunder.

Both the Independent Board Committee and Commerzbank recommend the Independent Shareholders to vote in favour of the KPL Resolution to be proposed at the Special General Meeting. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the KPL Resolution to be proposed at the Special General Meeting.

11. RE-ELECTION OF THE RETIRING DIRECTORS

In relation to the proposed resolution no. 1 as set out in the notice convening the Special General Meeting on pages 39 and 40 of this circular regarding re-election of the retiring Directors, Messrs CHAN Wai Ming, William, KU Moon Lun and QIAN Shaohua are due to retire from the Board in accordance with the provision of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules at the Special General Meeting. All of the retiring Directors, being eligible, offer themselves for re-election.

Details of the retiring Directors who stand for re-election at the Special General Meeting are set out in Appendix I on pages 31 and 32 of this circular. Save for the information set out in Appendix I to this circular, 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 Directors who stand for re-election at the Special General Meeting.

Having considered the background of the retiring Directors, the Directors consider that the re-election of the retiring Directors is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend all Shareholders to vote in favour of the Re-election Resolutions.

12. PROCEDURES BY WHICH A POLL MAY BE DEMANDED

Pursuant to the Bye-laws, a resolution put to the vote of a general meeting of the Company shall be decided on a show of hands, but a poll may be demanded (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll):

- (i) by the Chairman of the general meeting of the Company; or
- (ii) by at least three Shareholders present in person or by duly authorised corporate representative or by proxy for the time being entitled to vote at the general meeting of the Company; or
- (iii) by any Shareholder or Shareholders present in person or by duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the general meeting of the Company; or

LETTER FROM THE BOARD

- (iv) by any Shareholder or Shareholders present in person or by duly authorised corporate representative or by proxy and holding Shares conferring a right to vote at the general meeting, being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

In addition:

- (a) if the aggregate proxies held by (i) the Chairman of a particular meeting, and (ii) the Directors account for 5% or more of the total voting rights at that meeting, and
- (b) if on a show of hands in respect of any resolution, the Shareholders at the meeting vote in the opposite manner to that instructed in the proxies referred to in (a) above,

the Chairman of the meeting and/or any Director holding the proxies referred to above shall demand a poll. However, if it is apparent from the total proxies held by the persons referred to in (a) above that a vote taken on a poll will not reverse the vote taken on a show of hands, then no poll shall be required.

13. GENERAL

The notice convening the Special General Meeting is set out on pages 39 and 40 of this circular. At the Special General Meeting, the KPL Resolution will be proposed to confirm, ratify and approve the Agreements and the transactions contemplated thereunder, and the Re-election Resolutions will be proposed for re-election of the retiring Directors.

A form of proxy for use at the Special General Meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Special General Meeting. Completion and return of the accompanying form of proxy will not prevent you from attending and voting at the Special General Meeting should you so wish.

Under the Listing Rules, any connected person of the Company with a material interest in the Agreements and the transactions contemplated thereunder, and any other Shareholders and their respective associates with a material interest in the Agreements and the transactions contemplated thereunder, shall abstain from voting on the KPL Resolution.

The following persons (the "Abstaining Shareholders") will abstain from voting in respect of the KPL Resolution:

- (i) KHL and its associates, which are interested in 770,191,024 Shares (representing approximately 54.49% of all Shares in issue) as at the Latest Practicable Date;

LETTER FROM THE BOARD

- (ii) KSL and/or its associates, which are interested in 23,983,899 Shares (representing approximately 1.70% of all Shares in issue) as at the Latest Practicable Date; and
- (iii) Mr. Ang Keng Lam (a common director of the Company, KHL and APL) and his associates, who are interested in 328,743 Shares (representing approximately 0.02% of all Shares in issue) as at the Latest Practicable Date.

As far as the Directors are aware, having made all reasonable enquiries, as at the Latest Practicable Date:

- (i) the Abstaining Shareholders controlled or were entitled to exercise control over the voting rights in respect of their respective Shares;
- (ii) there were no voting trusts or other agreements or arrangements or understandings (other than an outright sale) entered into by or binding upon the Abstaining Shareholders; and there were no obligations or entitlements of the Abstaining Shareholders, whereby such persons have or might have temporarily or permanently passed control over the exercise of the voting right in respect of their Shares to third parties, either generally or on a case-by-case basis; and
- (iii) there were no discrepancies between the beneficial shareholding interests in the Company of the Abstaining Shareholders and the number of Shares in respect of which they would control or would be entitled to exercise control over the voting right at the Special General Meeting.

The KPL Resolution will be decided by way of a poll.

The Company will publish an announcement on the results of the Special General Meeting on the business day following the Special General Meeting with respect to whether or not the KPL Resolution has been passed by the Independent Shareholders.

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

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



KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

嘉里建設有限公司*

website: www.kerryprops.com

(Stock Code: 00683)

Independent Board Committee:

Mr. LAU Ling Fai, Herald (*Chairman*)

Mr. William Winship FLANZ

Mr. KU Moon Lun

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

5 November 2007

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTIONS RELATING TO THE ESTABLISHMENT OF JOINT VENTURE FOR THE ACQUISITION, HOLDING AND DEVELOPMENT OF LAND IN CHENGDU, PRC

We refer to the circular of which this letter forms part. Terms defined in the circular shall have the same meanings when used herein unless the context otherwise requires.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in our opinion, the entering into of the Agreements and the transactions contemplated thereunder, in accordance with the terms set out in the Agreements, are in the interests of the Company and its Shareholders as a whole and the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Commerzbank has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions.

In our opinion, the terms of the Agreements are on normal commercial terms and are fair and reasonable and the entering into of the Agreements and the transactions contemplated thereunder, in accordance with the terms set out in the Agreements, are in the interests of the Company and its Shareholders as a whole and so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the KPL Resolution, which will be proposed as an ordinary resolution at the Special General Meeting, in respect of the Agreements and the transactions contemplated thereunder.

Yours faithfully,

The Independent Board Committee of Kerry Properties Limited

Mr. LAU Ling Fai, Herald (*Chairman*)

Mr. William Winship FLANZ

Mr. KU Moon Lun

* for identification purpose only

LETTER FROM COMMERZBANK

The following is the text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this circular.

德 國 商 業 銀 行

COMMERZBANK 

(Public Limited Company Incorporated in the Federal Republic of Germany)

HONG KONG BRANCH

G.P.O. BOX 11378

HONG KONG

21/F, The Hong Kong Club Building
3A Chater Road, Central

telephone 28429666
telex 66 400 cbk hk hx
fax 28681414
swift COBAHK HX XXX

5 November 2007

*To the Independent Board Committee
and the Independent Shareholders*

Dear Sirs,

CONNECTED TRANSACTIONS RELATING TO THE ESTABLISHMENT OF JOINT VENTURE FOR THE ACQUISITION, HOLDING AND DEVELOPMENT OF LAND IN CHENGDU, PRC

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the connected transactions relating to the establishment of the JVCO and the entering into of the Shareholders' Agreement and the Articles of Association by MPL and AGCD and the transactions contemplated thereunder, the definitions of which, amongst other things, are set out in the circular, of which this letter forms part. Terms defined in the circular will have the same meanings when used in this letter unless the context requires otherwise.

On 12 October 2007, a consortium comprising MPL and AGCD won the bid at an open bidding to acquire the land use rights of the Project Site in Chengdu, Sichuan Province, the PRC. Following the successful bidding of the Project Site, the Company and KHL shall procure MPL and APL shall procure AGCD to establish the JVCO for the acquisition, holding and development of the Project Site and enter into the Shareholders' Agreement and the Articles of Association in connection with the establishment of the JVCO and the development of the Project Site.

KHL is an investment holding company and is the controlling shareholder of the Company interested in 753,166,519 Shares as disclosed under the SFO, representing approximately 53.28% of the issued share capital of the Company, as at the Latest Practicable Date. MPL is an indirect non wholly-owned subsidiary of the Company owned as to

LETTER FROM COMMERZBANK

approximately 73.3% indirectly by the Company and as to approximately 26.7% indirectly by KHL. AGCD is a direct wholly-owned subsidiary of APL, a connected person of the Company under the Listing Rules. Accordingly, both MPL and AGCD are connected persons (as defined in the Listing Rules) to the Company and the entering into of the Transactions constitutes a connected transaction for the Company under the Listing Rules.

As the applicable percentage ratio in respect of the Transactions is greater than 2.5% of the total assets of the Group for the purposes of Rule 14.07 of the Listing Rules, the Transactions are subject to reporting, announcement and Independent Shareholders' approval requirements as set out in Rule 14A.45-54 of the Listing Rules. KHL and KSL and their respective associates and Mr. Ang Keng Lam (a common director of the Company, KHL and APL) and his associates shall abstain from voting on the resolutions approving the Transactions at the Special General Meeting. As at the Latest Practicable Date, Mr. Ang Keng Lam's associates are not interested in any of the Company's Shares.

The Independent Board Committee, comprising all the Independent Non-executive Directors, namely, Mr. William Winship Flanz, Mr. Ku Moon Lun and Mr. Lau Ling Fai, Herald, has been established to advise the Independent Shareholders on the Transactions. We, Commerzbank AG Hong Kong Branch, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Transactions as to whether they are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In formulating our recommendation, we have relied on the information and facts supplied to us by the Company. We have assumed that all information, opinions and representations contained or referred to in the circular are true, complete and accurate in all material respects and we have relied on the same. Also, we have relied on the representations made by the Directors of the Company that having made all reasonable enquiries and careful decisions, and to the best of their information, knowledge and belief, there is no other fact or representation or the omission of which would make any statement contained in the circular, including this letter, misleading. We have also assumed that all information, statements and representations made or referred to in the circular, which have been provided to us by the Company, and for which it is wholly responsible, are true, complete and accurate in all material respects at the time they were made and continue to be so at the Latest Practicable Date of the circular.

We consider that we have (i) taken reasonable steps as required under Rule 13.80 of the Listing Rules in obtaining all necessary information from the Company and (ii) reviewed sufficient information to enable us to reach an informed view regarding the Transactions and to provide us with a reasonable basis for our recommendation. We have no reason to suspect that any material facts have been omitted or withheld, nor are we aware of any facts or circumstances, which would render the information and the representations made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Company; nor have we conducted any independent in-depth investigation into the business and affairs of the Company and their respective associates.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in relation to the Transactions and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors:

1. Reasons for and benefits of the Transactions

1.1 Business and corporate strategy of the Group

The Group is principally engaged in (i) property development, investment and management in Hong Kong, the PRC and the Asia Pacific region; (ii) logistics, freight and warehouse ownership and operations; (iii) infrastructure-related investments in Hong Kong and the PRC; and (iv) hotel ownership in Hong Kong and hotel ownership and operations in the PRC.

Set out below are the contribution of the Group's business segments as percentage to the total turnover based on the annual report of the Company for the year ended 31 December 2006 (the "2006 Annual Report"):

Table 1: Turnover of the Group by business segment

	For the year ended 31 December 2006		For the year ended 31 December 2005	
	Turnover <i>HK\$</i> <i>million</i>	% of total turnover of the Group %	Turnover <i>HK\$</i> <i>million</i>	% of total turnover of the Group %
Property rental and sale	3,824	37.5	2,106	26.3
Logistics and warehouse operations	5,971	58.6	5,541	69.2
Hotel operations	355	3.5	321	4.0
Project, property management and others	43	0.4	41	0.5
Total	<u>10,193</u>	<u>100</u>	<u>8,009</u>	<u>100</u>

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As illustrated in Table 1 above, contribution from the property rental and sale of the Group increased significantly from approximately 26.3% for the year ended 31 December 2005 to approximately 37.5% of the Group's total turnover for the year ended 31 December 2006. In addition, as stated in the 2006 Annual Report, the gross asset value of the Group's (i) residential and commercial properties in Hong Kong; (ii) properties in the PRC; and (iii) overseas properties accounted for approximately 82% of the total gross asset value of the Group's properties.

Based on the above, we consider the properties business segment accounted for a significant portion of the business and operations of the Group.

We have also reviewed the Group's property portfolio composition in the 2006 Annual Report and the particulars are set out in Table 2 below:

Table 2: Group's property portfolio composition measured by GFA (excluding GFA for the logistics and warehouse operations)

	For the year ended 31 December 2006	
	GFA	% of total GFA of the Group
	<i>sq.ft</i>	<i>%</i>
PRC	18,895,841	63.4
Hong Kong	5,142,553	17.3
Macau	1,988,000	6.7
Overseas	3,767,928	12.6
Total	29,794,322	100

As at 31 December 2006, the total gross floor area ("GFA") of the Group's property portfolio (excluding GFA for the logistics and warehouse operations) in the PRC accounted for approximately 63.4% of the Group's total property portfolio (excluding GFA for the logistics and warehouse operations). Accordingly, we consider the PRC property portfolio is a major component of the Group's property portfolio.

We note that it is the Group's strategy to focus on the development of large-scale multi-purpose properties in certain key locations of the PRC. According to the 2006 Annual Report, an aggregate area of approximately 11.6 million square feet ("sq.ft"), representing approximately 61.4% of the total GFA of the Group's property portfolio in the PRC, is for composite developments comprising hotel, apartment and other residential accommodation, office and retail spaces. The Directors are of the view that developing large-scale and quality mixed-use property projects in key locations in the PRC will make significant contribution to the financial performance of the Group in the future and

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differentiate the Group from its competitors. As at the Latest Practicable Date, the Group's mixed-use properties under development are the landmark projects situated in Tianjin (Bohai Rim Region) as well as Shanghai, Hangzhou, Yangzhou (namely the Yangtze River Delta) and Shenyang. The Group will continue to complement its prominent presence and successful track records in Beijing, Shanghai and Shenzhen by exploring property development opportunities in other major cities in the PRC.

Having considered that (i) the Group's properties business segment being a significant portion of the Group's business and operations and property portfolio in the PRC being a major component of its property portfolio; and (ii) the successful track record of the Group on the development of high-end mixed-use properties in key cities in the PRC, we are of the view that the entering into of the Transactions is in line with the corporate strategy of the Group.

1.2 Co-investment opportunity with the APL Group

APL, which has been listed on the SGX since 1999, is principally engaged in property development and investment, project and property management and trading in building materials. APL had a market capitalization of approximately Singapore dollars ("S\$") 2,544.6 million (equivalent to approximately HK\$13,537.3 million at an exchange rate of S\$ to HK\$ being S\$1 to HK\$5.32 for the purpose of this letter) as at the Latest Practicable Date and net assets of approximately S\$1,631.8 million (equivalent to approximately HK\$8,681.2 million) as at 31 December 2006. While APL's primary focus is on residential property development in Singapore, it has established two joint ventures with, *inter alia*, the Company in the PRC (one in Shanghai and the other in Tianjin), both of which are mixed-used development projects.

Prior to the entering into of the Transactions, the Group had two previous co-investment arrangements with the APL Group involving property projects. According to the circular of the Company dated 23 January 2006, the APL Group had a 16% equity interest in Shanghai Pudong Kerry City Properties Co., Ltd., a sino-foreign equity joint venture company established for the mixed-use development project comprising hotel, offices, serviced apartments, commercial and related ancillary facilities in Pudong District, Shanghai (the "Shanghai Project"). According to the circular of the Company dated 7 August 2006, the Group invited the APL Group to take up 31% equity interest in Tianjin Kerry Real Estate Development Co., Ltd., a wholly foreign-owned enterprise for the large scale mixed-use property development project comprising hotel, offices, residence, shopping mall, service apartments, basement and related ancillary facilities in Hedong District, Tianjin (the "Tianjin Project"). We note that the Group has an effective interest in each of the Shanghai Project and the Tianjin Project, namely 40.8% and 49%, respectively.

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Given (i) APL's expertise in property development, project management and financial capacity and its reputation in developing residential properties in Singapore; (ii) the APL Group's experience in participating in two large scale mixed-use property development projects in the PRC; and (iii) prior co-operations between the Group and the APL Group involving joint ventures for large-scale mixed-use development projects to the Group's satisfaction, we concur with the Directors' view that APL Group has the necessary experience, standing and expertise for the development of the Project Site which is expected to enhance the Shareholders' value.

1.3 Co-investment opportunity with KHL

The Project Site is the first co-investment arrangement between the Group and KHL involving property project in the PRC. We understand from the Directors that the entering into of the Transactions with KHL will strengthen the financial resources and support for the Project Site, in particular, the financial contribution from KHL and/or procurement of credit/funding from financial institutions to which KHL will provide several corporate guarantees based on its indirect equity interest in the JVCO. On the other hand, as set out in the section headed "Letter from the Board" of the circular, the Group will provide on-going project management, construction management and project consultancy services to the JVCO during the period of construction of the Project Site. Accordingly, the construction and project management will be mainly under the control of the Group.

Given the strong financial background of KHL and its provision of financing for the development of the Project Site or provision of several corporate guarantees based on its indirect equity interest in the JVCO to procure the credit/funding from financial institutions, we are of the view that the joint development of the Project Site with KHL and the APL Group is in the interests of the Company and the Shareholders as a whole.

1.4 The Project Site

As set out in the section headed "Letter from the Board" of the circular, the Project Site is located at 中國四川省成都市高新區 (the Hi-Tech Industrial Development Zone (the "Development Zone"), Chengdu, Sichuan Province, the PRC), with an area of approximately 56,916.49 sq.m. and is intended to be developed into a mixture of residential and commercial use. The land use term for the residential portion is 70 years and the commercial portion is 40 years.

Chengdu is the capital city of Sichuan Province and is regarded as one of the major cities in the western regions of the PRC. According to the Chengdu Municipal Government, Chengdu covers a total area of approximately 12,390 square kilometers and has a population of approximately 11.0 million. The economy of Chengdu developed rapidly in recent years. Based on the statistics published by 成都市統計局 (the Chengdu Municipal Bureau of Statistics ("CBS")), the gross domestic product ("GDP") of Chengdu was approximately RMB275 billion in 2006, representing an annual growth rate of 13.8% from 2005 and the GDP per capita of Chengdu amounted to approximately RMB25,167 in 2006. The disposable income per urban household in Chengdu was RMB12,789 in 2006, representing an annual growth rate of 12.6% from 2005.

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According to the official website of Chengdu High-Tech Industrial Development Zone operated by the Management Committee of the Development Zone, we note that the Development Zone is a key development area of Chengdu Municipal Government. It is a state-ranked hi-tech industrial development zone which was initially ratified by the State Council in 1991. In 2006, there are over 11,800 companies registered in the Development Zone, among which more than 600 companies are foreign-invested enterprises. The Development Zone has been developing rapidly in recent years with plots of land being designated for residential and commercial uses. According to the statistics issued by 成都市國土資源局 (Chengdu Land Resources Bureau), there were five public tenders in the Development Zone during the period from March to May 2007 and the aggregate area amounted to approximately 274,365.26 sq.m., all of which are designated for commercial or residential use or a mixture of commercial and residential uses, indicating the increase in the real estate investment, particularly the construction area of residential and commercial housing in the Development Zone.

As stated in the interim report of the Company for the six months ended 30 June 2007 (the “2007 Interim Report”), the Group acquired through public bidding two sites adjacent to the Project Site in the southern part of the Development Zone in June 2007. We note that these sites are earmarked for a residential property development which is expected to yield a GFA of approximately 3,831,000 sq.ft and the Group has no mixed-use development project in Chengdu. We have discussed with the Directors and understand that the acquisition of the Project Site will strengthen the land bank of the Group in Chengdu, which the Directors consider that the city’s rapid economic development has great potential to be one of the prime cities in the PRC. Given that the Project Site (i) provides a prime site for residential and commercial developments in Chengdu, in particular, the Project Site will be the future focus of urban city development of Chengdu; and (ii) is in line with the existing investment strategy of the Group, we are of the view that the Project Site will complement and enhance the Group’s overall property portfolio in the PRC.

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2. Overview of the property market in Chengdu, PRC

Driven by the economic growth in the region, the property market in Chengdu has undergone rapid development in recent years. According to the CBS, the value of real estate development in Chengdu amounted to approximately RMB61.9 billion in 2006, representing a year-on-year (“YoY”) growth rate of approximately 37.4%. In comparison, according to the National Bureau of Statistics of China, the value of real estate development in the PRC amounted to approximately RMB1,938 billion, representing a comparatively lower YoY growth rate of approximately 21.8%.

Set out below are certain key indicators of the property market in the urban area of Chengdu for the period from January to May 2007:

	Area sold <i>thousand sq.m.</i>	YoY growth rate %	Average price <i>RMB/sq.m.</i>	YoY growth rate %
Residential	6,214.9	27.1	4,480	11.1
Office	156.2	322.1	5,622	6.0
Retail	332.3	6.1	8,067	2.3

Source: CBS

Based on the above indicators, we note that residential properties constitute the most significant part of Chengdu property market with approximately 6.2 million sq.m. sold during the period from January to May 2007 and sales of office properties has the highest growth rate of approximately 322.1% during the period from January to May 2007 from the corresponding period in the previous year indicating that residential and commercial properties are the key sectors of Chengdu properties market.

According to the Chengdu Land Resources Bureau, during the period from March to May 2007, there were 25 land transactions in the urban area of Chengdu. We note that among these transactions, five of them are located in the the Development Zone with a total transaction area of 274,365 sq.m., representing 26.2% of the area being transacted during the period.

District	Number of Transactions	Area <i>sq.m.</i>	% of the Total Transaction Area
Wuhou	3	35,195	3.4
Jinniu	4	152,997	14.6
Chenghua	8	383,512	36.7
Qinyang	2	112,890	10.8
Jinjiang	3	86,289	8.3
The Development Zone	5	274,365	26.2
Total	25	1,045,248	100

LETTER FROM COMMERZBANK

According to the official website of Chengdu High-Tech Industrial Development Zone operated by the Management Committee of the Development Zone, there are 108 Fortune 500 companies in Chengdu, among which 33 have offices located in the Development Zone.

Having regard to the favorable economic environment and property market of Chengdu and that the Development Zone being a prime development area in Chengdu, we consider the Company's investment in the Development Zone is consistent with the Group's strategy.

2.1 Austerity measures

We note that the PRC government has introduced various austerity measures in May 2006 in order to further curb the fast increase in the real estate market. For example, (i) the 35% minimum new capital requirement for real estate developers before being eligible to apply for bank loans; (ii) the increase of down payment from 20% to 30% of the purchase price of the underlying residential property; (iii) the transfer of uncompleted commodity properties by any pre-sale purchaser is forbidden; and (iv) the imposition of business tax on re-sale of properties if the holding period is shorter than five years. In May 2007, the PRC government has imposed further measures on foreign invested enterprises engaged in the property development and trading so as to monitor and regulate the PRC's construction market and these include, among other things, (i) the foreign invested enterprise must obtain the relevant land use rights or property rights before establishment of the enterprise; (ii) no profit guarantee or any form of fixed return guarantee is allowed to be offered to any of the joint venture partners (either the PRC party or foreign partner) in any form of arrangements for sino-foreign joint venture; (iii) foreign invested enterprises which are ultimately controlled by PRC citizens are strictly prohibited from investing in the PRC property markets; (iv) all duly established foreign invested enterprises which are engaged in property development and trading must register with the Ministry of Commerce in due course; and (v) foreign invested enterprises which failed to register with the Ministry of Commerce are not allowed to register with the State Administration of Foreign Exchange. We have discussed with the Directors the impact of the austerity measures, and understand from the Directors that such measures substantially raise the entry barrier for new foreign investments in the PRC in the property market, in particular the small players in the property market. With a strong capital base and a modernised national brand, the Directors are of the view that the Group will continue to be a key player in the PRC real estate market, and expect that blue-chip developers, such as the Company, will be the ultimate beneficiaries in the market consolidation process as a result of the austerity measures.

It is uncertain whether the PRC government will introduce more austerity measures for the property sector and the likely impact on the property market as a whole. However, taken into consideration the expected investment amount and development size of the JVCO, we consider that it would be commercially prudent to diversify its development risks by co-investing with other parties .

3. Terms of the Agreements

3.1 Consideration for the Project Site

As mentioned above, the bid for the right to acquire the Project Site, which is zoned for a mixture of residential and commercial use, was won by a consortium comprising MPL and AGCD through an open bidding. We are advised by the Directors that the bidding is a public auction and such process complies with the relevant regulations for property development in the PRC.

We note that the Consideration was arrived at through the open bidding process, the minimum bidding price of which was set out in the announcement by Chengdu Land Resources Bureau in September 2007. We understand that such minimum bidding price is made in accordance with the 土地管理法 (Land Management Law), 城市房地產管理法 (Urban Real Estate Management Law), 國土資源部11號令 (Order No.11 of the Ministry of Land and Resources) and 成都市人民政府關於進一步加強土地管理的意見 (2005) (Opinion on Further Strengthening Land Management by Chengdu Municipal Government (2005)) and was approved by Chengdu Municipal Government. Given that the Consideration was arrived at through open bidding process, we are of the view that the Consideration represents the fair market value of the Project Site.

3.2 Capital commitments

Pursuant to the Shareholders' Agreement, the maximum total investment amount of the JVCO shall be approximately RMB2,100 million (approximately HK\$2,176 million), the payment and/or financial obligation of which will be made or incurred in accordance with the development progress of the Project Site. The registered capital of the JVCO shall be the Consideration or such amount to be agreed between MPL and AGCD and will be contributed in the proportion of 75% and 25%, respectively.

Pursuant to the Opinion on Regulating and Managing the Foreign Funds inflow into the PRC Real Estate Market (關於規範房地產市場外資准入和管理的意見) jointly issued by Ministry of Construction of the PRC, Ministry of Commerce of the PRC, National Development and Reform Commission of the PRC, The People's Bank of China, the State Administration for Industry and Commerce of the PRC and the State Administration for Foreign Exchange of the PRC in July 2006, for the total investment amount in the property projects by foreign-invested enterprises exceeding US\$10 million, the registered capital of such foreign-invested enterprises shall not be less than 50% of the total investment amount. Given the Consideration being RMB1,041.6 million (approximately HK\$1,079.4 million) which approximates 50% of the expected total investment amount of approximately RMB2,100 million (approximately 2,176 million), we are of the view that the registered capital of the JVCO is fair and reasonable.

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In regard to the total investment amount of RMB2,100 million (approximately HK\$2,176 million), MPL will contribute approximately RMB1,575 million (approximately HK\$1,632 million), representing approximately 75% of the total investment amounts. Based on the effective shareholdings between the Group and KHL in MPL, the contribution of the Group will be approximately RMB1,155 million (approximately HK\$1,197 million) representing approximately 73.3% of the investment amounts to be contributed by MPL. We have reviewed the 2006 Annual Report and the 2007 Interim Report and noted that, as at 30 June 2007 and 31 December 2006, the cash and bank balances of the Group (excluding pledged bank deposits) were approximately HK\$3,682 million and HK\$2,691 million, respectively. In addition, as at 30 June 2007, the total undrawn bank loan and overdraft facilities of the Group were approximately HK\$10,725 million. According to the 2007 Interim Report, as at 30 June 2007, the Group had capital commitments not provided for in its accounts of approximately HK\$8,457 million. If the estimated aggregate investment amount of RMB2,100 million (approximately HK\$2,176 million) were to be contributed solely by the Group, the Group's undrawn bank loan and overdraft facilities or cash and bank balances would decrease accordingly.

We have discussed with the Directors and understand that property development is capital intensive and long-term in nature, and depending on whether the property is held for sale or for rental purpose, investment tenure usually ranges from three years to over 10 years. Therefore, the Directors are of the view that it would be commercially prudent for the Group to diversify its development risks by co-investing with other parties. Based on the above and having considered the strong financial background of KHL and the historical co-investment experience with the APL Group satisfactory to the Group, we concur with the Directors' view that the establishment of the JVCO for the development of the Project Site allows the Company to spread the project risk and maintain the borrowing at a reasonable level so that the Company can take up other investment opportunities as and when such opportunities arise.

3.3 Funding requirements

Pursuant to the Shareholders' Agreement, the sources and terms of future funding requirements of the JVCO shall be determined by the board of directors of the JVCO from time to time. As set out in the Shareholders' Agreement, all loans and/or financial contribution provided by the JV Parties to the JVCO will be provided on a several basis, pro-rata to the then respective capital contributions of the JV Parties to the JVCO on the same terms and conditions. In addition, if the respective fundings to be provided by MPL and AGCD are in the form of shareholders' loans, MPL and AGCD shall provide such funding on a pro-rata basis in accordance with their respective equity interest in the JVCO and upon the same terms and conditions.

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We noted that the obligations of each of the JV Parties shall only extend to their respective proportion of funding in the JVCO of RMB2,100 million (approximately HK\$2,176 million) up to a maximum total investment amount for the JVCO. The maximum obligation of MPL to the JVCO will be RMB1,575 million (approximately HK\$1,632 million), being 75% of its equity interest in the JVCO and accordingly, the maximum investment amount of the Group to the JVCO will be approximately RMB1,155 million (approximately HK\$1,197 million) (the “Maximum Investment”), being its approximately 73.3% equity interest in MPL.

In addition, we noted that the board of directors of the JVCO will consist of 4 directors, of whom 3 (including the chairman) shall be nominated by MPL and 1 nominated by AGCD.

Given that (i) MPL has 3 (including the chairman) out of a total of 4 directors; (ii) all funding contribution and payment schedule will be decided by the board of directors of the JVCO; (iii) all loans and/or guarantees and/or financial contribution provided by the JV Parties will be provided on a several basis, pro-rata to their then respective capital contributions of the JV Parties and on the same terms and conditions; and (iv) profits will be distributed to the JV Parties in proportion to their respective capital contributions to the registered capital of the JVCO, we are of the opinion that the entering into of the Transactions is in the interests of the Company and the Independent Shareholders as a whole.

4. Financial impacts on the Group

4.1 Net assets value

Upon establishment of the JVCO, the financial results of the JVCO will be consolidated into the Company’s consolidated financial statements as a result of the Group’s control over the JVCO through the arrangement contemplated under the Agreements. Accordingly, the total assets of the Group will increase up to the maximum total investment cost of RMB2,100 million (approximately HK\$2,176 million). As stated in the section headed “Letter from the Board” in the circular, the JV Parties (including the Group) may finance their respective contributions either by internal resources or external bank borrowings. Assuming all the JV Parties contribute their investment amounts by internal resources, the cash and bank balances of the Group will be decreased up to the Maximum Investment and the minority interests of the JVCO will be increased up to RMB945 million (approximately HK\$979 million), being the maximum total investment contributions from KHL and the APL Group. In this connection, the Group’s net assets values (the “NAV”), being total assets minus total liabilities and minority interests, will remain the same after the establishment of the JVCO. Given that there will be no change on the NAV, we are of the view that investment in the JVCO has no material impact on the NAV.

4.2 *Gearing*

According to the 2007 Interim Report, the gearing ratio of the Group amounted to approximately 25.8% (calculated based on net debt divided by the shareholders equity). As mentioned above, it is currently expected that the funding required by the Group for the establishment of the JVCO will be financed by internal cash resources and/or external bank borrowings. Therefore, the gearing ratio of the Group may be increased as a result of the investment in JVCO. Taking into account the cash outflow as a result of the Maximum Investment and assuming the JV Parties all contribute to the JVCO by internal resources, the Group's net debt position, being total debt minus cash and bank balances and pledged bank deposits, will be increased from approximately HK\$8,824 million to approximately HK\$10,021 million. As mentioned in section 4.1 above, there will be no change in the NAV upon the establishment of the JVCO, and the net debt to equity ratio, being the total net debt divided by the Shareholders' equity, will be increased from approximately 25.8% to approximately 29.3%.

4.3 *Working capital*

Based on the 2007 Interim Report, the current assets and current liabilities of the Group as at 30 June 2007 were approximately HK\$10,351 million and approximately HK\$4,246 million, respectively. As mentioned in section 4.1 above, it is expected that the funding required by the Group for the establishment of the JVCO will be financed by internal cash resources and/or external bank borrowings. As such, the current assets of the Group may be decreased and/or the total liabilities of the Group may be increased, as the case may be.

According to the 2007 Interim Report, the Group had total cash and cash equivalent (including cash and bank balances and pledged bank deposits (collectively, the "Cash Balance")) of approximately HK\$3,707 million as at 30 June 2007. The Maximum Investment accounted for approximately 32.3% of the Group's Cash Balance. Based on the available cash resources of the Group and the undrawn bank loan and facilities as at 30 June 2007 and taking into account: (i) our understanding from the discussion with the management of the Company that the capital commitment of the Group for this project development is payable in stages during the course of the construction; (ii) the cash inflows arising from the Group's existing business operations; and (iii) the committed bank borrowing facilities of the Group, we are of the view that the Group has sufficient funding sources to cover the Maximum Investment as and when required.

Having considered the above as a whole, given that (i) the investment in JVCO has no material impact on the NAV; and (ii) the Group has sufficient cash resources to satisfy its proportionate funding requirements of the JVCO notwithstanding that the potential increase in net debt to equity ratio, decrease in current assets and/or increase in total liabilities upon establishment of JVCO, we are of the view that entering into of the Transactions is in the interests of the Company and the Independent Shareholders as a whole.

LETTER FROM COMMERZBANK

OUR RECOMMENDATION

Having considered the principal business of the Group is property development, investment and management in Hong Kong, the PRC and the Asia Pacific Region as well as the principal factors referred to above, we are of the view that terms and nature of the Agreements are on normal commercial terms and fair and reasonable, and the entering into of the Agreements and the transactions contemplated thereunder (including among other things, the establishment of the JVCO), in accordance with the terms set out in the Agreements, are in the ordinary course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the Special General Meeting in respect of the terms of the Agreements and the Transactions.

Yours faithfully,

For and on behalf of

Commerzbank AG Hong Kong Branch

Kenneth Chan

Head of Corporate Finance – Asia Pacific

Andrew Yu

Corporate Finance – Asia Pacific

Set out below is the biographical information of the Directors who stand for re-election at the Special General Meeting:

Mr. Chan Wai Ming, William, aged 53, has been a Director of the Company since September 2007. Mr. Chan is now a director of Kerry Development (China) Limited and Kerry Properties Development Management (Shanghai) Co., Ltd., a subsidiary providing real estate management services to the Company. Mr. Chan has over 30 years of experience in project and estate management in both private and public sectors, and over 10 years of which were in China projects. Mr. Chan is a Fellow Member of both the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors and a Registered Real Estate Appraiser in China. Mr. Chan holds a Master of Science degree in International Real Estate from the Hong Kong Polytechnic University.

In accordance with the service contract between Mr. Chan and the Group, the annual emoluments payable by the Group to Mr. Chan are approximately HK\$2 million. His emoluments are determined by reference to his performance, contribution, responsibilities as well as market/sector trends. In addition, Mr. Chan is eligible to receive a discretionary annual bonus taking into consideration factors such as market conditions as well as corporate and individual performances. Mr. Chan did not hold any directorship in any listed public companies in the last three years. Pursuant to the Bye-laws, Mr. Chan 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 Mr. Chan is effectively three years. Mr. Chan does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. Mr. Chan has a personal interest of 4,000 shares of the Company held under equity derivatives within the meaning of Part XV of the SFO.

Mr. Ku Moon Lun, aged 56, has been an Independent Non-executive Director of the Company and a member of the Audit Committee of the Company since May 2007. Mr. Ku has more than 35 years of experience in the real estate industry. He was the executive director of Davis Langdon and Seah International and chairman of Davis Langdon and Seah Hong Kong Limited, Premas Hong Kong Limited and icFox International. Mr. Ku is now an independent non-executive director of Ascott Residence Trust Management Limited in Singapore and Lai Fung Holdings Limited, a listed company in Hong Kong. He is also the regional adviser (Asia) to Trust Company Limited, a listed company in Australia, and a member of the Hospital Governing Committee of Tuen Mun Hospital, Hong Kong Hospital Authority. Mr. Ku is a fellow of the Hong Kong Institute of Surveyors. Save as disclosed herein, Mr. Ku did not hold any positions in other members of the Group or any directorship in listed public companies in the past three years.

There is no service contract signed between the Company and Mr. Ku. Pursuant to the Bye-laws, Mr. Ku 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 Mr. Ku is effectively three years.

As at the Latest Practicable Date, Mr. Ku does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. He does not have any interest in the securities of the Company within the meaning of Part XV of the SFO. He will receive from the Company a director's fee at the rate of HK\$250,000 per annum, which was determined based on the prevailing director's fee payable to other Independent Non-executive Directors of the Company and is subject to review by the Company from time to time pursuant to the Bye-laws.

Mr. Qian Shaohua, aged 50, has been a Director of the Company since September 2007. Mr. Qian is now a director of Kerry Development (China) Limited and Kerry Real Estate (Hangzhou) Co. Ltd. Mr. Qian received his tertiary education in China. In 2002, Mr. Qian also completed an international advanced management program at Harvard Business School.

In accordance with the service contract between Mr. Qian and the Group, the annual emoluments payable by the Group to Mr. Qian are approximately HK\$1.44 million. His emoluments are determined by reference to his performance, contribution, responsibilities as well as market/sector trends. In addition, Mr. Qian is eligible to receive a discretionary annual bonus taking into consideration factors such as market conditions as well as corporate and individual performances. Mr. Qian did not hold any directorship in any listed public companies in the last three years. Pursuant to the Bye-laws, Mr. Qian 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 Mr. Qian is effectively three years. Mr. Qian does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. He does not have any interest in the securities of the Company within the meaning of Part XV of the SFO.

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 each of the Directors and the chief executive of the Company 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 (Personal interests)	Number of underlying ordinary shares held under equity derivatives	Total	Approximate % of shareholding ⁽⁶⁾
Mr. ANG Keng Lam	328,743 ⁽¹⁾	2,536,495 ⁽²⁾	2,865,238	0.20
Mr. WONG Siu Kong	–	1,000,000 ⁽²⁾	1,000,000	0.07
Mr. MA Wing Kai, William	31,017 ⁽¹⁾	720,000 ⁽²⁾	751,017	0.05
Mr. CHAN Wai Ming, William	4,000 ⁽¹⁾	–	4,000	0.00

(ii) Associated Corporations

Name of Associated Corporation	Name of Director	Number of ordinary shares				Total	Approximate % of shareholding
		Personal interests	Family interests	Corporate interests	Other interests		
Shang Properties, Inc. (formerly, EDSA Properties Holdings, Inc.)	Mr. HO Shut Kan	1,570 ⁽¹⁾	-	-	-	1,570	0.00
Kerry Group Limited	Mr. ANG Keng Lam	-	7,300,000 ⁽³⁾	5,540,716 ⁽⁴⁾	8,000,000 ⁽⁵⁾	20,840,716	1.36 ⁽⁷⁾
	Mr. WONG Siu Kong	4,617,263 ⁽¹⁾	-	8,504,300 ⁽⁴⁾	-	13,121,563	0.86 ⁽⁷⁾
	Mr. HO Shut Kan	1,388,452 ⁽¹⁾	-	-	-	1,388,452	0.09 ⁽⁷⁾
	Mr. MA Wing Kai, William	1,010,620 ⁽¹⁾	-	-	-	1,010,620	0.07 ⁽⁷⁾
	Mr. CHAN Wai Ming, William	100,000 ⁽¹⁾	-	-	-	100,000	0.01 ⁽⁷⁾
	Mr. QIAN, Shaohua Mr. TSE Kai Chi	500,000 ⁽¹⁾ 600,000 ⁽¹⁾	- -	- -	- -	500,000 600,000	0.03 ⁽⁷⁾ 0.04 ⁽⁷⁾
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 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.
- (3) 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.
- (4) This represents interests held by the relevant director through his controlled corporation(s).
- (5) This represents interests held by the relevant director through a discretionary trust of which the relevant director is a contingent beneficiary.
- (6) 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. 1,413,561,390 ordinary shares).
- (7) 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. 1,529,526,815 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 and the chief executive 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. DIRECTORS' INTEREST IN THE AGREEMENTS

- (a) As at the Latest Practicable Date, no Director was materially interested in any contract or arrangement subsisting which is significant in relation to the business of the Group taken as a whole.
- (b) Since the date to which the latest published audited financial statements of the Group were made up, none of the Directors has or has had any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by any member of the Group.

4. 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.

5. 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 APL, the businesses of which consisted of property investment and development, project and property management and leasing 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. APL was listed on the SGX 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 Shangri-La Asia Limited 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. Shangri-La Asia Limited was listed on the Stock Exchange as at the Latest Practicable Date; and

- (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.

The Excluded Businesses are operated and managed by companies (and in the case of APL and Shangri-La Asia Limited, 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.

6. LITIGATION

Kerry EAS Logistics Limited, a company 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 damages, costs and interest, against six defendants, including Kerry EAS Logistics Limited, on a joint and several basis in relation to the alleged damages amounting to approximately US\$65.6 million (approximately HK\$511.7 million at the exchange rate of US\$1.00 = HK\$7.8) caused to an aircraft in 2000 in respect of the transportation of certain chemical substance.

The alleged damages of approximately US\$65.6 million sought by the plaintiffs 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.

The hearing of the above legal case was taken place on 26 September 2006 at the Beijing High Level People's Court pending delivery of judgment.

Based on the opinion dated 11 May 2007 of J&J Law Firm, the legal advisers to the Group, neither the allegation nor the said amount claimed by the plaintiffs against Kerry EAS Logistics Limited was substantiated and it is unlikely that Kerry EAS Logistics Limited will be found liable for the claimed damages and losses. Accordingly, the Directors considered the above legal case has no significant impact on the Group.

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 Limited, the vendor of Kerry EAS Logistics Limited 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 pieces of litigation against Kerry EAS Logistics Limited, 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.

7. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular or have given opinions or advice which are contained in this circular:

Name	Qualification
Commerzbank	a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and an authorised financial institution under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as set out in Schedule 5 to the SFO
J&J Law Firm	qualified PRC lawyers

Each of the experts 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.

Each of the experts has confirmed that as at the Latest Practicable Date, it did not have any beneficial 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 2006 (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.

8. NO MATERIAL ADVERSE CHANGE

Since the date to which the latest published audited accounts of the Company have been made up, there has been no material adverse change in the financial or trading position of the Group.

9. MISCELLANEOUS

- (a) The Qualified Accountant of the Company is Mr. Yu Kam Wah. Mr. Yu is a Fellow of the Hong Kong Institute of Certified Public Accountants, a Fellow of the Association of Chartered Certified Accountants, a member of The American Institute of Certified Public Accountants, and holds a Master of Professional Accounting degree from The Hong Kong Polytechnic University. Mr. Yu is also an associate member of both the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (b) The Secretary of the Company is Ms. Li Siu Ching, Liz. Ms. Li is a solicitor qualified in Hong Kong and holds a Master of Laws from the University of Northumbria at Newcastle, England. Ms. Li is also an associate member of both the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (c) The Company's Hong Kong branch share registrar and transfer office is Tricor Abacus Limited of 26/F, Tesbury Centre, 28 Queen's Road East, 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.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Confirmation Agreement, the Shareholders' Agreement and the Articles of Association are available for inspection during normal business hours at any weekday (public holidays excepted) at the office of the Company at 13/F., Cityplaza 3, 14 Taikoo Wan Road, Taikoo Shing, Hong Kong up to and including Friday, 23 November 2007.

NOTICE OF SPECIAL 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 a special 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 Friday, 23 November 2007 at 3:00 p.m. for the following purposes:

1. To re-elect the retiring Directors.
2. To consider, and if thought fit, passing with or without modification the following resolution as an **ORDINARY RESOLUTION**:

“THAT

- (A) the Agreements (copies of which have been produced to this meeting marked “A” and signed by the Chairman hereof for the purpose of identification) and the transactions contemplated thereunder be and are hereby confirmed, ratified and approved; and
- (B) the Board be and is hereby authorised to take all such actions as it considers necessary or desirable to implement and give effect to the Agreements and the transactions contemplated thereunder.

For the purposes of this resolution, the term “Agreements” shall have the same definition as defined in the circular to the shareholders of the Company dated 5 November 2007.”

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

Hong Kong, 5 November 2007

* *for identification purpose only*

NOTICE OF SPECIAL GENERAL MEETING

Head Office and Principal Place

of Business in Hong Kong:

13-14/F, 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 shall 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 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 the above meeting (or at any adjournment thereof). Completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person if he so wishes. In the event that a member attends the meeting after having lodged his form of proxy, his form of proxy will be deemed to have been revoked.
- (4) The registers of members of the Company will be closed from Thursday, 22 November 2007 to Friday, 23 November 2007, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the meeting, 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 Wednesday, 21 November 2007.
- (5) Shareholders are advised to read the circular to the shareholders of the Company dated 5 November 2007 which contains information concerning the resolutions to be proposed in this notice.
- (6) Resolution no. 2 to be proposed at the meeting shall be decided by way of a poll.