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KERRY PROPERTIES LIMITED	SHANGRI-LA ASIA LIMITED
(Incorporated in Bermuda with limited liability)	*(Incorporated in Bermuda with limited liability)*
嘉里建設有限公司*	香格里拉(亞洲)有限公司*
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(Stock Code: 00683)	**(Stock Code: 00069)**
CONNECTED TRANSACTIONS RELATING TO DISPOSAL OF INTERESTS IN TWO PRC COMPANIES AND ENTERING INTO JOINT VENTURE AGREEMENTS RELATING TO TWO PRC COMPANIES	**CONNECTED TRANSACTIONS RELATING TO ACQUISITION OF INTERESTS IN THREE PRC COMPANIES AND ENTERING INTO JOINT VENTURE AGREEMENTS RELATING TO TWO PRC COMPANIES**

The Parties entered into the Sale and Purchase Agreements on 31 December 2010 relating to the acquisition of equity interests in the PRC Companies by SACL from the wholly-owned subsidiaries of KPL, KHL and AG.

Pursuant to the Hangzhou SPA, KPCL, a wholly-owned subsidiary of KPL, agreed to sell to SACL, a wholly-owned subsidiary of SA, 25% of the equity interests in the Hangzhou Company. The consideration payable by SACL for the acquisition is RMB968.62 million (approximately HK$1,139.55 million).

Pursuant to the Yangzhou SPA, KPCL agreed to sell to SACL the entire equity interests in the Yangzhou Company. The consideration payable (subject to adjustment) by SACL for the acquisition is RMB226.59 million (approximately HK$266.58 million).

Pursuant to the Shenyang SPA, each of GTL, a wholly-owned subsidiary of KHL, and AGSL, a wholly-owned subsidiary of AG, agreed to sell to SACL 10% and 15% of their respective equity interests in the Shenyang Company. The considerations payable (subject to adjustment) by SACL to GTL and AGSL for the acquisition are RMB315.9 million (approximately HK$371.65 million) and RMB473.85 million (approximately HK$557.47 million) respectively.

Pursuant to the Hangzhou SPA, KPCL and SACL will also enter into the Hangzhou JV Agreement in respect of the Hangzhou Company. Pursuant to the Hangzhou JV Agreement, the maximum total investment amount of KPCL and SACL to the Hangzhou Company will be RMB4,500 million (approximately HK$5,294.12 million) and RMB1,500 million (HK$1,764.71 million) respectively.

Pursuant to the Shenyang SPA, KPCL, SACL and AGSL will also enter into the Shenyang JV Agreement in respect of the Shenyang Company. Pursuant to the Shenyang JV Agreement, the maximum total investment amount of KPCL, SACL and AGSL to the Shenyang Company will be RMB9,634.80 million (HK$11,335.06 million), RMB4,014.50 million (HK$4,722.94 million) and RMB2,408.70 million (HK$2,833.76 million) respectively.

Compliance requirements for KPL:

KHL is the controlling shareholder of both KPL and SA. SA is an associate of KHL and therefore SA is a connected person of KPL.

The entering into of the Hangzhou SPA and the Hangzhou JV Agreement constitute connected transactions for KPL. As the applicable percentage ratios for KPL in respect of the maximum total investment amount of KPCL to the Hangzhou Company exceed 5%, the transactions contemplated by the Hangzhou JV Agreement are subject to the reporting, announcement and approval of the KPL Independent Shareholders requirements under the Listing Rules. A circular containing, among others, further details of the transactions in relation to the Hangzhou JV Agreement, a valuation report, a letter of advice from its independent financial adviser to its independent board committee, a letter of advice containing the recommendation of its independent board committee to the KPL Independent Shareholders, and a notice of its special general meeting, is expected to be dispatched to the KPL Shareholders on or around 21 January 2011.

In respect of the Yangzhou SPA, as each of the applicable percentage ratios is more than 0.1% but less than 5%, the transactions contemplated by the Yangzhou SPA are only subject to the reporting and announcement requirements under the Listing Rules.

Although KPL is not a party to the Shenyang SPA, this joint announcement is made by KPL under Rule 13.09 of the Listing Rules.

Compliance requirements for SA:

KHL is the controlling shareholder of both KPL and SA. KPL is an associate of KHL and therefore KPL is a connected person of SA. AG's subsidiary is a substantial shareholder interested in 25% of the issued shares of an indirect 75%-owned subsidiary of SA and therefore AG is a connected person of SA.

Accordingly, the entering into of each of the Sale and Purchase Agreements constitutes connected transaction for SA under the Listing Rules.

As both the maximum total investment amount of SACL to and the consideration payable for the acquisition of equity interest in the Hangzhou Company are more than 0.1% but less than 5% of the applicable percentage ratios, the transactions contemplated under the Hangzhou SPA are only subject to the reporting and announcement requirements under the Listing Rules.

In respect of the Yangzhou SPA, as each of the applicable percentage ratios in respect of the consideration for the acquisition of equity interest is more than 0.1% but less than 5%, the transactions contemplated under the Yangzhou SPA are only subject to the reporting and announcement requirements under the Listing Rules.

As the applicable percentage ratios for SA in respect of the maximum total investment amount of SACL to the Shenyang Company exceed 5%, the transactions contemplated by the Shenyang JV Agreement are subject to the reporting, announcement and approval of the SA Independent Shareholders requirements under the Listing Rules.

A circular containing, among others, further details of the Shenyang JV Agreement, a valuation report, a letter of advice from its independent financial adviser to its independent board committee in respect of the Shenyang JV Agreement, a letter of advice containing the recommendation of its independent board committee to the SA Independent Shareholders in relation to the Shenyang JV Agreement, and a notice of its special general meeting will be dispatched to the SA Shareholders.

INTRODUCTION

The Parties entered into the Sale and Purchase Agreements on 31 December 2010 relating to the acquisition of equity interests in the PRC Companies by SACL from the wholly-owned subsidiaries of KPL, KHL and AG.

Pursuant to the Hangzhou SPA, KPCL agreed to sell to SACL 25% of the equity interests in the Hangzhou Company. The consideration payable by SACL for the acquisition is RMB968.62 million (approximately HK$1,139.55 million).

Pursuant to the Yangzhou SPA, KPCL agreed to sell to SACL the entire equity interests in the Yangzhou Company. The consideration payable (subject to adjustment) by SACL for the acquisition is RMB226.59 million (approximately HK$266.58 million).

Pursuant to the Shenyang SPA, each of GTL and AGSL agreed to sell to SACL 10% and 15% of their respective equity interests in the Shenyang Company. The considerations payable (subject to adjustment) by SACL to GTL and AGSL for the acquisition are RMB315.90 million (approximately HK$371.65 million) and RMB473.85 million (approximately HK$557.47 million) respectively.

Pursuant to the terms of the Hangzhou SPA and the Shenyang SPA, the Parties will enter into the Hangzhou JV Agreement and the Shenyang JV Agreement in respect of the Hangzhou Company and the Shenyang Company respectively.

HANGZHOU SPA

KPCL currently owns 100% of the equity interests in the Hangzhou Company. Pursuant to the Hangzhou SPA, KPCL agreed to dispose of 25% of the equity interests in the Hangzhou Company to SACL. The principal terms of the Hangzhou SPA are set out below:-

Date: 31 December 2010

Parties: KPCL and SACL

Consideration: The consideration payable by SACL to KPCL is RMB968.62 million (approximately HK$1,139.55 million).

Payment:

(a) Within five working days after the signing of the Hangzhou SPA, SACL shall pay RMB48.43 million (approximately HK$56.98 million).

(b) Within five working days after completion of the change of all registrations as required by PRC laws in respect of the Hangzhou Company, SACL shall pay the balance of the consideration to KPCL.

Conditions precedent: Completion of the Hangzhou SPA is conditional upon:-

(a) KPL having complied with all its obligations to consummate the transactions contemplated by the Hangzhou SPA under the Listing Rules including the passing of the KPL Resolution;

(b) SA having complied with all its obligations to consummate the transactions contemplated by the Hangzhou SPA under the Listing Rules; and

(c) all necessary approvals from the PRC authorities in relation to the transfer of equity interests in the Hangzhou Company having been obtained and all relevant change of registrations as required by PRC laws having been completed, and there is no material change to the terms and conditions of the Hangzhou SPA after such approvals.

Long stop date: The long stop date under the Hangzhou SPA is the first anniversary of the signing of the Hangzhou SPA or such later date as agreed by KPCL and SACL in writing.

If any conditions precedent to the Hangzhou SPA is not satisfied on or before the aforesaid long stop date, the Hangzhou SPA shall be terminated. Within five working days after the termination of the Hangzhou SPA, KPCL shall refund to SACL, with interest at a rate of 1.5% per annum, all the consideration already paid by SACL under the Hangzhou SPA.

YANGZHOU SPA

KPCL currently owns 100% of the equity interests in the Yangzhou Company. Pursuant to the Yangzhou SPA, KPCL agreed to dispose of its entire equity interests in the Yangzhou Company to SACL. The principal terms of the Yangzhou SPA are set out below:-

Date: 31 December 2010

Parties: KPCL and SACL

Consideration: The consideration payable (subject to adjustment) by SACL to KPCL is RMB226.59 million (approximately HK$266.58 million). Prior to completion of the Yangzhou SPA, in order to fulfil the capital requirements of the Yangzhou Company, the capital of the Yangzhou Company may be increased by KPCL provided that written consents from both KPCL and SACL are obtained (the "**Capital Increase**"). In the event that KPCL has paid any part or all of the Capital Increase prior to the completion of the Yangzhou SPA (the "**Paid Capital Increase Amount**"), the consideration payable by SACL to KPCL shall increase accordingly. SACL shall pay the Paid Capital Increase Amount to KPCL within five working days after KPCL's payment of the Paid Capital Increase Amount. In any event, the Capital Increase shall not exceed RMB200 million (approximately HK$235.29 million).

Payment:	(a) Within five working days after the signing of the Yangzhou SPA, SACL shall pay RMB11.33 million (approximately HK$13.33 million). (b) Within five working days after completion of the change of all registrations as required by PRC laws in respect of the Yangzhou Company, SACL shall pay the balance of the consideration to KPCL.
Conditions precedent:	Completion of the Yangzhou SPA is conditional upon:- (a) KPL having complied with all its obligations to consummate the transactions contemplated by the Yangzhou SPA under the Listing Rules (if any); (b) SA having complied with all its obligations to consummate the transactions contemplated by the Yangzhou SPA under the Listing Rules; (c) all necessary approvals from the PRC authorities in relation to the transfer of equity interests in the Yangzhou Company having been obtained and all relevant change of registrations as required by PRC laws having been completed, and there is no material change to the terms and conditions of the Yangzhou SPA after such approvals; and (d) in relation to the RMB200 million loan facility made by the lending bank to the Yangzhou Company, the lending bank grants its consent relating to the transfer of equity interests in the Yangzhou Company pursuant to the Yangzhou SPA or the Yangzhou Company obtaining such other banks loans arranged by SACL to repay this bank loan on terms as approved by SACL or such other arrangements for the repayment of this bank loan as may be approved by SACL.
Long stop date:	The long stop date under the Yangzhou SPA is the first anniversary of the signing of the Yangzhou SPA or such later date as agreed by KPCL and SACL in writing. If any conditions precedent to the Yangzhou SPA is not satisfied on or before the aforesaid long stop date, the Yangzhou SPA shall be terminated. Within five working days after the termination of the Yangzhou SPA, KPCL shall refund to SACL, with interest at the rate of 1.5% per annum, all the consideration already paid by SACL under the Yangzhou SPA.

SHENYANG SPA

The Shenyang Company's current shareholders are KPCL, AGSL and GTL with each holding 60%, 30% and 10% respectively. Pursuant to the Shenyang SPA, each of AGSL and GTL will sell 15% and 10% equity interests in the Shenyang Company to SACL. The principal terms of the Shenyang SPA are set out below:-

Date: 31 December 2010

Parties: SACL, AGSL and GTL

Consideration: The total consideration (subject to adjustment) payable by SACL to AGSL and GTL is RMB473.85 million (approximately HK$557.47 million) and RMB315.9 million (approximately HK$371.65 million) respectively. Prior to completion of the Shenyang SPA, in order to fulfil the capital requirements of the Shenyang Company, the capital of the Shenyang Company may be increased by KPCL, AGSL and GTL in proportion to their respective shareholding in the Shenyang Company (the "**Capital Increase**"). In the event that AGSL and GTL have paid part or all of their respective portion of the Capital Increase prior to the completion of the Shenyang SPA (the "**Paid Capital Increase Amount**"), the total consideration payable by SACL to AGSL shall increase by 50% of the amount as paid by AGSL and the entire amount as paid by GTL. SACL shall pay the relevant portion of the Paid Capital Increase Amount to AGSL and GTL within five working days after their payments of the Paid Capital Increase Amount. In any event, the Capital Increase shall not exceed RMB660 million (approximately HK$776.47 million).

Payment:

(a) Within five working days after the signing of the Shenyang SPA, SACL shall pay RMB23.69 million (approximately HK$27.87 million) to AGSL and RMB15.80 million (approximately HK$18.59 million) to GTL.

(b) Within five working days after completion of the change of all registrations as required by PRC laws in respect of the Shenyang Company, SACL shall pay the balance of the considerations.

Conditions precedent: Completion of the Shenyang SPA is conditional upon:-

(a) SA having complied with all its obligations to consummate the transactions contemplated by the Shenyang SPA under the Listing Rules including the passing of the SA Resolution;

(b) AG having complied with all its obligations to consummate the transactions contemplated by the Shenyang SPA under the SGX Listing Rules (if required);

(c) all necessary approvals from the PRC authorities in relation to the transfer of equity interests in the Shenyang SPA having been obtained and all relevant change of registrations as required by PRC law having been completed, and there is no material change to the terms and conditions of the Shenyang SPA after such approvals; and

(d) in relation to the RMB800 million loan facility made by the lending bank to the Shenyang Company, (i) the lending bank agreeing to the transfer of equity interests in the Shenyang Company under the Shenyang SPA and the entering into of guarantees by SACL and AGSL (or their respective parent company) to guarantee 25% and 15% respectively of the aforesaid loan facility and the terms of such guarantee agreements are reasonable, and the guarantee by GTL and AGSL (or their respective parent company) to guarantee 10% and 30% respectively of the aforesaid loan facility being cancelled; or (ii) such other arrangements as may be approved by the Shenyang Company , KPCL, AGSL , GTL and SACL for the cancellation of the guarantees by GTL and AGSL (or their respective parent company) in relation to the guarantee for the aforesaid loan facility.

Long stop date: The long stop date under the Shenyang SPA is the first anniversary of the signing of the Shenyang SPA or such later date as agreed by SACL, AGSL and GTL in writing.

If any conditions precedent to the Shenyang SPA is not satisfied on or before the aforesaid long stop date, the Shenyang SPA shall be terminated. Within five working days after the termination of the Shenyang SPA, each of AGSL and GTL shall refund to SACL, with interest at a rate of 1.5% per annum, all the consideration already paid by SACL under the Shenyang SPA.

THE HANGZHOU JV AGREEMENT AND THE SHENYANG JV AGREEMENT

Pursuant to the Hangzhou SPA and the Shenyang SPA, the Parties will enter into the Hangzhou JV Agreement and the Shenyang JV Agreement to govern their relationships relating to the Hangzhou Company and the Shenyang Company, the principal terms of which are set out below:-

Maximum total investment amount: The maximum total investment amount (whether equity, loan or otherwise) of each of KPCL, SACL and AGSL (where applicable) in respect of the Hangzhou Company and the Shenyang Company shall be as follows:-

	Maximum total investment amount							
	KPCL		SACL		AGSL		Total	
	(RMB million)	(HK$ million)	(RMB million)	(HK$ million)	(RMB million)	(HK$ million)	(RMB million)	(HK$ million)
Hangzhou Company	4,500.0	5,294.1	1,500.0	1,764.7	N/A	N/A	6,000.0	7,058.8
Shenyang Company	9,634.8	11,335.1	4,014.5	4,722.9	2,408.7	2,833.8	16,058.0	18,891.8

Registered capital: Hangzhou Company : US$365.75 million (approximately HK$2,834.56 million).
Shenyang Company : RMB2,787.50 million (approximately HK$3,279.41 million) (subject to Capital Increase).

Business scope: Real estate development, operation, sale, leasing, property management and hotel development, operation and management.

Funding and provision of securities:	The sources and terms of future funding requirements of the Hangzhou Company and the Shenyang Company shall be determined by the board of directors of the relevant PRC Company from time to time. All shareholders' funding or financial assistance from the Parties shall be provided on a pro-rata and several basis in accordance with each Party's equity interests in the PRC Company.

DETAILS OF THE PRC COMPANIES

Each of the PRC Companies is a single purpose company formed for the purposes of developing and operating the sites held by it.

The site held by Hangzhou Company is situated at Xiacheng District, Hangzhou, Zhejing Province, the PRC. It was purchased in 2005 and 2008. It is designated for the development of a mixed-use property comprising a hotel, offices, apartments and a large-scale commercial retail mall complex. Piling works are expected to commence by the first quarter of 2011, the development being targeted for completion in phases by 2014.

The site held by Yangzhou Company is situated at Xincheng West District, Yangzhou, Jiangsu Province, the PRC. It was purchased in 2005. It is intended for the development of hotel and residential apartments. All 3 blocks of residential towers have been completed. Hotel superstructure works is in progress. Part of the residential units has been sold.

The site held by Shenyang Company is situated at Shenhe District, Shenyang, Liaoning Province, the PRC. It was purchased in 2007. The current plan is to develop a mixed used development part of which will be for residential and remaining are shopping mall, offices, hotel and services apartments. The piling and excavation of hotel portion had been completed. The basement construction is in progress. The piling and excavation of residential portion is in progress.

Since their respective dates of incorporation, other than holding the respective sites and other assets and liabilities associated with the holding of such sites, none of the PRC Companies has any other assets or liabilities.

The dates of incorporation, and the unaudited net assets and total assets of the PRC Companies as per their respective unaudited management accounts as at 31 October 2010 are set out below:

PRC Company	**Date of incorporation**	**Unaudited net assets as at 31 October 2010**		**Unaudited total assets as at 31 October 2010**	
		(RMB million)	**(HK$ million)**	**(RMB million)**	**(HK$ million)**
Hangzhou Company	21 June 2005	2,732.99	3,215.29	2,735.00	3,217.64
Yangzhou Company	1 August 2005	196.98	231.74	370.86	436.30
Shenyang Company	13 June 2007	2,459.23	2,893.21	2,465.23	2,900.27

The Yangzhou Company has prepared profit and loss accounts and as at 31 October 2010, it reported an unaudited profit of RMB13.26 million (approximately HK$15.60 million). The Hangzhou Company and the Shenyang Company have not carried on any business save for the property development in the sites and have not recorded any profit or loss since incorporation.

Based on the audited balance sheets of the PRC Companies as at 31 December 2009, their net asset value are set out below :-

Hangzhou Company : RMB2,732.99 million (approximately HK$3,215.29 million)
Yangzhou Company : RMB110.54 million (approximately HK$130.05 million)
Shenyang Company : RMB2,459.23 million (approximately HK$2,893.21 million)

Upon Completion:-

(a) KPL's interest in the Hangzhou Company will be reduced from 100% to 75%, i.e. the Hangzhou Company will become a non wholly-owned subsidiary of KPL;

(b) KPL will have no interest in the Yangzhou Company; and

(c) KPL's interest in the Shenyang Company will remain unchanged i.e. the Shenyang Company will remain as a non wholly-owned subsidiary of KPL.

FINANCIAL EFFECTS OF THE TRANSACTIONS

The consideration for the transfer of equity interests in the PRC Companies was arrived at based on arm’s length negotiation between the Parties by reference to the net asset values of the PRC Companies and the market value of the sites and property under development.

The proportion of equity interests to be transferred by the respective subsidiaries of KPL, KHL and/or AG to SACL in respect of each PRC Company was arrived at following arm’s length negotiations between the Parties. The maximum total investment amount of the Hangzhou Company and the Shenyang Company were arrived at based on arm's length negotiation between the Parties by reference to the land costs and the expected development costs of the site held by the relevant PRC Company.

According to the current accounting standards, an estimated gain of approximately HK$427 million and HK$56 million (both before expenses and tax, but after the exchange gain on capital injected) arising from the disposal of equity interests in the Hangzhou Company and the Yangzhou Company, will be recorded directly in the equity of consolidated statement of financial position and consolidated income statement of the KPL Group, respectively.

It is currently expected that the funding required by SA for making the contribution to the PRC Companies will be sourced by SA from its internal cash reserves and/or external bank borrowings. The funding requirement for making the maximum total investment amount is not expected to have any material impact on SA.

The proceeds derived from the disposal of equity interests in the Hangzhou Company and the Yangzhou Company will be used by KPL to expand its portfolio of PRC properties.

REASONS FOR THE TRANSACTIONS

The directors of KPL believe that the KPL Group needs to expand its land bank in strategic locations in the PRC, with a view to further strengthening its presence in this market of tremendous potential. In order to maximise the utilization of the KPL Group's financial resources, the directors of KPL have always intended to co-develop its mixed-use property interests in the PRC with other affiliated companies. The intention is reflected in the various PRC development projects of the KPL Group such as Jing An Kerry Centre, Shanghai Kerry Parkside and Tianjin Kerry Centre, in which SA is a joint venture partner.

By inviting SA to participate in the development of the mixed-use property project held by the Hangzhou Company, KPL is able to benefit greatly from SA's experience, expertise and standing in the hotel industry. SA will bring better prospects, success and enhanced shareholders' value for the project held by the Hangzhou Company. By disposal of the Yangzhou Company, KPL can redirect its resources from such hotel centric project to other mixed-use property development projects and can take up other investment opportunities as and when such opportunities arise.

Hotel development is an important element in the development of these projects. Several high-end mixed developments of SA Group in the Mainland China have experienced good occupancies and rental / room rates in recent years. The medium to long term outlook for quality mixed-use developments in key locations in Mainland China remains very positive given the pace of growth of the local economy and the extensive investments. It would be beneficial for the SA Group to acquire equity interests in these projects.

Both the board of directors of KPL and SA have considered the KPL Undertaking when considering the Hangzhou SPA and Yangzhou SPA.

INFORMATION ABOUT KPL, SA, KHL AND AG

The KPL 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.

The SA Group is principally engaged in the ownership and operation of hotels and associated properties and the provision of hotel management and related services. SA's subsidiaries are also the registered proprietors of various trademarks and service marks in various countries, including the brand names "Shangri-La", "Traders", "Rasa", "Summer Palace" and "Shang Palace" and other related devices and logos.

KHL is an investment holding company.

AG is listed on the SGX. AG and its subsidiaries are principally engaged in property development and investment and project management.

IMPLICATIONS UNDER THE LISTING RULES FOR KPL

KHL is the controlling shareholder of both KPL and SA. SA is an associate of KHL and therefore SA is a connected person of KPL.

As the maximum total investment amount of KPCL to the Hangzhou Company exceeds 5% of applicable percentage ratios for KPL, the transactions contemplated by the Hangzhou JV Agreement are subject to the reporting, announcement and approval of the KPL Independent Shareholders requirements under the Listing Rules.

The following persons will abstain from voting on the KPL Resolution to approve the Hangzhou SPA at the special general meeting to be convened by KPL:-

(a) KHL, Shang Holdings Limited (an indirect wholly-owned subsidiary of SA which is not involved in the transactions) and their respective associates;

(b) Mr. Kuok Khoon Chen (a common director of KPL and KHL) and his associates (who holds an interest in KPL); and

(c) Mr. Wong Siu Kong (a common director of KPL and KHL) and his associates (who holds an interest in KPL).

An independent board committee will be established by the board of directors of KPL to consider the Hangzhou SPA and to advise the KPL Independent Shareholders. An independent financial adviser will be appointed by KPL to make recommendations to the independent board committee in relation to the Hangzhou SPA.

A circular containing, among others, further details of the transactions in relation to Hangzhou JV Agreement, a valuation report, a letter of advice from its independent financial adviser to its independent board committee, a letter of advice containing the recommendation of its independent board committee to the KPL Independent Shareholders, and a notice of its special general meeting, is expected to be dispatched to the KPL Shareholders on or around 21 January 2011.

Having considered KPL's obligations under the KPL Undertaking and other factors, the directors (other than the independent non-executive directors) of KPL believe that the terms of the Hangzhou SPA are fair and reasonable and in the interests of KPL and the KPL Shareholders as a whole. The independent non-executive directors of KPL will form their view whether the terms of the Hangzhou SPA are fair and reasonable and in the interests of KPL and the KPL Shareholders as a whole after they have had the opportunity to discuss with the independent financial adviser and review its letter of advice. In considering the Hangzhou SPA, the independent non-executive directors of KPL will also take into consideration KPL's obligations under the KPL Undertaking.

The entering into of the Yangzhou SPA constitutes a connected transaction for KPL under the Listing Rules. As each of the applicable percentage ratios is more than 0.1% but less than 5%, the transactions contemplated by the Yangzhou SPA are only subject to the reporting and announcement requirements under the Listing Rules.

Having considered KPL's obligations under the KPL Undertaking and other factors, the directors (including the independent non-executive directors) of KPL take the view that the entering into of the Yangzhou SPA is in the ordinary and usual course of business of the KPL Group and believe that the terms of the Yangzhou SPA are on normal commercial terms and are fair and reasonable and in the interests of KPL and the KPL Shareholders as a whole.

Although KPL is not a party to the Shenyang SPA, this joint announcement is made by KPL under Rule 13.09 of the Listing Rules.

IMPLICATIONS UNDER THE LISTING RULES FOR SA

KHL is the controlling shareholder of both KPL and SA. KPL is an associate of KHL and therefore KPL is a connected person of SA. AG's subsidiary is a substantial shareholder interested in 25% of the issued shares of an indirect 75%-owned subsidiary of SA and therefore AG is a connected person of SA.

Accordingly, the entering into of each of the Sale and Purchase Agreements and the JV Agreements constitutes a connected transaction for SA under the Listing Rules. As each of the consideration for the Hangzhou Company and the Yangzhou Company as well as the maximum total investment amount of SACL to the Hangzhou Company is more that 0.1% but less than 5% of the applicable percentage ratios, the transactions contemplated by the Hangzhou SPA and the Yangzhou SPA are only subject to the reporting and announcement requirements under the Listing Rules.

As the maximum total investment amount of SACL to the Shenyang Company exceeds 5% of the applicable percentage ratios, the transactions contemplated by the Shenyang JV Agreement are subject to the reporting, announcement and approval of the SA Independent Shareholders requirements under the Listing Rules.

The following persons shall abstain from voting on the SA Resolution to be tabled to approve the Shenyang SPA and the Shenyang JV Agreement at the special general meeting to be convened by SA:-

(a) KHL, KPL, AG and their respective associates;

(b) Mr. Kuok Khoon Ean (a common director of SA and KHL who holds an interest in SA) and his associates;

(c) Mr. Kuok Khoon Loong, Edward (a common director of SA and KHL who holds an interest in SA) and his associates; and

(d) Mr. Lui Man Shing (a common director of SA and KHL who holds an interest in SA) and his associates.

An independent board committee will be established by the board of directors of SA to consider the Shenyang JV Agreement and to advise the SA Independent Shareholders. An independent financial adviser will be appointed by SA to make recommendations to the independent board committee in relation to the Shenyang JV Agreement.

A circular containing, among others, further details of the Shenyang JV Agreement, a valuation report, a letter of advice from its independent financial adviser to its independent board committee in respect of the Shenyang JV Agreement, a letter of advice containing the recommendation of its independent board committee to the SA Independent Shareholders in relation to the Shenyang JV Agreement, and a notice of its special general meeting will be dispatched to the SA Shareholders.

As SA has a secondary listing on SGX, extra time is required for sending the circular to Singapore and dealing with the Singapore transfer agent before the circular can be dispatched in Singapore. In order to ensure that all the SA Shareholders receive the circular at around the same time, it is necessary to delay the dispatch of the circular to the SA Shareholders to a date beyond the time limit imposed by the Listing Rules and the dispatch is expected to be on or around 7 February 2011.

The directors (other than the independent non-executive directors) of SA believe that the terms of the Shenyang JV Agreement are fair and reasonable and in the interests of SA and the SA Shareholders as a whole. The independent non-executive directors of SA will form their view whether the terms of the Shenyang JV Agreement are fair and reasonable and in the interests of SA and the SA Shareholders as a whole after they have reviewed the letter of advice of the independent financial adviser.

The directors (including the independent non-executive directors) of SA consider that the Hangzhou SPA and the Yangzhou SPA are on normal commercial terms which were arrived at after arm’s length negotiations, in the ordinary and usual course of business of SA, and the terms of which are fair and reasonable and in the interests of SA and the SA Shareholders as a whole.

GENERAL

As at the date of this announcement, the directors of KPL are Messrs. Kuok Khoon Chen[+], Wong Siu Kong[+], Ho Shut Kan[+], Ma Wing Kai, William[+], Qian Shaohua[+], Chan Wai Ming, William[+], Ku Moon Lun[#], Lau Ling Fai, Herald[#], Ms. Wong Yu Pok, Marina, JP[#] and Mr. Tse Kai Chi[@] and the directors of SA are Messrs. Kuok Khoon Ean[+], Lui Man Shing[+], Madhu Rama Chandra Rao[+], Gregory Allan Dogan[+], Ho Kian Guan[@], Kuok Khoon Loong, Edward[@], Roberto V. Ongpin[@], Alexander Reid Hamilton[#], Timothy David Dattels[#], Wong Kai Man, BBS, JP[#], Michael Wing-Nin Chiu[#] and Ho Kian Hock[@] (alternate to Mr. Ho Kian Guan).

[+] *Executive Director*
[@] *Non-executive Director*
[#] *Independent non-executive Director*

DEFINITIONS

"AG"	Allgreen Properties Limited, a company incorporated in Singapore with limited liability, the shares of which are listed on SGX;
"AGSL"	Allgreen Properties (Shenyang) Pte. Ltd, a company incorporated under the laws of Singapore and wholly-owned by AG;
"Completion"	completion of the Sale and Purchase Agreements;
"connected person"	has the meaning ascribed to it in the Listing Rules;
"controlling shareholder"	has the meaning ascribed to it in the Listing Rules;
"GTL"	Good Thinker Limited, a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of KHL;
"Hangzhou Company"	嘉里置業(杭州)有限公司 Kerry Real Estate (Hangzhou) Co. Ltd.*, a company incorporated under the laws of the PRC;
"Hangzhou JV Agreement"	the shareholders agreement to be entered into relating to the Hangzhou Company, the form of which is attached to the Hangzhou SPA;
"Hangzhou SPA"	the sale and purchase agreement dated 31 December 2010 entered into between KPCL and SACL pursuant to which SACL shall acquire 25% of the equity interests in the Hangzhou Company from KPCL;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	Hong Kong Special Administrative Region of the PRC;
"JV Agreements"	collectively, the Hangzhou JV Agreement and the Shenyang JV Agreement;
"KHL"	Kerry Holdings Limited, a company incorporated in Hong Kong and the controlling shareholder of both KPL and SA;

"KPCL"	Kerry Properties (China) Limited, a company incorporated under the laws of Hong Kong and wholly-owned by KPL;
"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;
"KPL Group"	KPL and its subsidiaries;
"KPL Independent Shareholders"	KPL Shareholders who are not required to abstain from voting at the special general meeting of KPL to be convened to consider and, if thought fit, approve the KPL Resolution;
"KPL Resolution"	the resolution to approve the transactions contemplated by the Hangzhou SPA by the KPL Independent Shareholders;
"KPL Shareholders"	holders of KPL Shares;
"KPL Shares"	ordinary shares of HK$1.00 each in the capital of KPL;
"KPL Undertaking"	the undertaking made on 18 July 1996 between KPL and Kerry Group Limited (on behalf of the Kuok Group) which was set out in KPL's prospectus dated 23 July 1996 pursuant to which KPL undertakes that, for so long as KPL remains a member of the Kuok Group, it would offer to SA the opportunity to acquire at arm's length price all or part of any hotel or serviced apartment projects in Hong Kong or the PRC that may be undertaken by the KPL Group and are to be managed by SLIM;
"Kuok Group"	companies owned or controlled by Mr. Kuok Hock Nien and/or interests associated with him;
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange;
"Parties"	collectively, (1) KPCL and SACL in relation to transactions under the Hangzhou SPA, the Hangzhou JV Agreement and the Yangzhou SPA; (2) SACL, AGSL and GTL in relation to transactions under the Shenyang SPA; and (3) KPCL, SACL and AGSL in relation to the Shenyang JV Agreement, and the expression "**Party**" shall mean any one of them;
"percentage ratios"	has the meaning ascribed to it in Chapter 14 of the Listing Rules;
"PRC"	The People's Republic of China;
"PRC Companies"	collectively, Hangzhou Company, Yangzhou Company and Shenyang Company and the expression "**PRC Company**" shall mean any one of them;
"RMB"	Renminbi, the lawful currency of the PRC;

"SA"	Shangri-La Asia Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are primarily listed on the Main Board of the Stock Exchange with secondary listing on SGX;
"SACL"	Shangri-La China Limited, a company incorporated under the laws of Hong Kong and wholly-owned by SA;
"SA Group"	SA and its subsidiaries;
"SA Independent Shareholders"	SA Shareholders who are not required to abstain from voting at the special general meeting of SA to be convened to consider and, if thought fit, approve the SA Resolution;
"SA Resolution"	the resolution to approve the transactions contemplated by the Shenyang JV Agreement by the SA Independent Shareholders;
"SA Shareholders"	holders of SA Shares;
"SA Shares"	ordinary shares of HK$1.00 each in the capital of SA;
"Sale and Purchase Agreements"	collectively, the Hangzhou SPA, the Yangzhou SPA and the Shenyang SPA;
"Shenyang Company"	嘉里(瀋陽)房地產開發有限公司 Kerry (Shenyang) Real Estate Development Co., Ltd.*, a company incorporated under the laws of the PRC;
"Shenyang JV Agreement"	the shareholders agreement to be entered into relating to the Shenyang Company, the form of which is attached to the Shenyang SPA;
"Shenyang SPA"	the sale and purchase agreement dated 31 December 2010 entered into between SACL, AGSL and GTL pursuant to which SACL shall acquire 15% and 10% of the equity interests in the Shenyang Company from AGSL and GTL respectively;
"SGX"	Singapore Exchange Securities Trading Limited;
"SGX Listing Rules"	the rules set out in the listing manual of SGX;
"SLIM"	various subsidiaries of SA including Shangri-La International Hotel Management Limited;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"US$"	United States dollars, the lawful currency of the United States;
"Yangzhou Company"	嘉里置業(揚州)有限公司 Kerry Real Estate (Yangzhou) Co., Ltd.*, a company incorporated under the laws of the PRC;
"Yangzhou SPA"	the sale and purchase agreement dated 31 December 2010 entered into between KPCL and SACL pursuant to which SACL shall acquire the entire equity interests in the Yangzhou Company from KPCL; and

"%"	per cent.

Amounts denominated in RMB and US$ in this announcement have been converted into HK$ at the rates of RMB0.85 = HK$1 and HK$7.75 = US$1 for illustration purposes.

By Order of the Board	By Order of the Board
Kerry Properties Limited	**Shangri-La Asia Limited**
Kuok Khoon Chen	**Kuok Khoon Ean**
Chairman	*Chairman*

Hong Kong, 31 December 2010

** For identification purposes only*