**KERRY PROPERTIES LIMITED**
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**嘉里建設有限公司***
*website: www.kerryprops.com*
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**SHANGRI-LA ASIA LIMITED**
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# TERMINATION OF ACQUISITION OF LAND USE RIGHTS OF THE PROJECT SITES IN LAOBIAN DISTRICT, YINGKOU CITY, LIAONING PROVINCE, THE PRC

As disclosed in the Joint Announcements, the JV Parties agreed to jointly acquire the land use rights of the Project Sites situated at Laobian District, Yingkou City, Liaoning Province, the PRC.

On 23 December 2011, the JV Parties entered into the Termination Agreement with the Laobian Branch of Yingkou City Land Resources Bureau (營口市國土資源局老邊分局) pursuant to which the Confirmation Notices regarding the JV Parties winning the Land Bids for the land use rights of the Project Sites will be terminated.

Reference is made to the Joint Announcements and the KPL Circular where it was disclosed, amongst other things, that:

1. the JV Parties jointly paid the Deposit, being RMB271.57 million (approximately HK$334.03 million), for the Land Bids for the Project Sites on 29 December 2010 and it was agreed that the JV Parties, being KPCL, SACL and WPL, will each share 40%, 25% and 35% of the Deposit, respectively;

2. the JV Parties succeeded in bidding for the land use rights for the Project Sites and the Laobian Branch of Yingkou City Land Resources Bureau (營口市國土資源局老邊分局) issued the Confirmation Notices to the JV Parties regarding the same on 5 January 2011; and

3. the proposed establishment of the JVCO (owned by KPCL, SACL and WPL as to 40%, 25% and 35%, respectively) for the purpose of acquiring, holding and developing the Project Sites.

## TERMINATION AGREEMENT

The KPL Board and the SA Board announce that the JV Parties entered into the Termination Agreement to terminate the acquisition of the land use rights of the Project Sites.

The principal terms of the Termination Agreement are as follows:

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| Date: | 23 December 2011 | |
| Parties: | Party A: | Laobian Branch of Yingkou City Land Resources Bureau (營口市國土資源局老邊分局) |
| | Party B: | the JV Parties and the JVCO |

Main terms:

(1) The Confirmation Notices issued to the JV Parties regarding the JV Parties winning the Land Bids for the land use rights of the Project Sites will be terminated.

(2) The Deposit paid by the JV Parties, being RMB271.57 million (approximately HK$334.03 million), will be repaid to the JVCO.

(3) The JV Parties and the JVCO will be relieved from all liabilities and obligations under the Confirmation Notices and the Land Bids.

The JV Parties intend to wind-up the JVCO after all matters relating to the termination of the acquisition of the Project Sites have been settled and, as part of the winding-up process, all assets of the JVCO will be distributed to the JV Parties as shareholders of the JVCO in accordance with the PRC laws.

**REASONS FOR ENTERING INTO THE TERMINATION AGREEMENT**

In view of the fact that the JV Parties already have a project in the same city at Bayuquan, Yingkou City, the JV Parties have reviewed the matter and have decided to withdraw from the Laobian project. The JV Parties have therefore discussed and agreed with the relevant government authorities in Yingkou City in relation to the arrangement set out in the Termination Agreement.

The KPL Board and the SA Board are of the view that the entering into of the Termination Agreement will not have any negative impact on the operation and business of the KPL Group and the SA Group, and that the entering into of the Termination Agreement is in the best interests of KPL and SA and their respective shareholders as a whole.

**DEFINITIONS**

Unless otherwise defined in this announcement, terms used herein shall have the same meanings as those defined in the Second Joint Announcement.

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|---|---|
| "Joint Announcements" | the joint announcement of KPL and SA of 29 December 2010 in relation to the payment of the Deposit and the Second Joint Announcement; |
| "KPL Circular" | the circular of KPL dated 26 January 2011 in relation to, *inter alia*, the establishment of the JVCO for the acquisition, holding and development of the Project Sites; |

| | |
|---|---|
| "Second Joint Announcement" | the joint announcement of KPL and SA of 5 January 2011 in relation to the successful Land Bids and the establishment of the JVCO; and |
| "Termination Agreement" | the termination agreement pursuant to which the JV Parties agreed to terminate the acquisition of the land use rights of the Project Sites, particulars of which are set out in the section under the heading of "Termination Agreement" in this announcement. |

*Amounts denominated in RMB in this announcement have been converted into HK$ at the rate of RMB1 = HK$1.23 for illustration purpose only.*

By order of the board
**Kerry Properties Limited**
**KUOK Khoon Chen**
*Chairman*

By order of the board
**Shangri-La Asia Limited**
**KUOK Khoon Ean**
*Chairman*

Hong Kong, 23 December 2011

*As at the date hereof, the directors of KPL and SA are:*

***KPL***

*Executive directors*
*Mr KUOK Khoon Chen*
*Mr WONG Siu Kong*
*Mr HO Shut Kan*
*Mr MA Wing Kai William*
*Mr QIAN Shaohua*
*Mr CHAN Wai Ming William*

*Non-executive director*
*Mr TSE Kai Chi*

*Independent non-executive directors*
*Mr LAU Ling Fai Herald*
*Mr KU Moon Lun*
*Ms WONG Yu Pok Marina, JP*

***SA***

*Executive directors*
*Mr KUOK Khoon Ean*
*Mr LUI Man Shing*
*Mr Madhu Rama Chandra RAO*
*Mr Gregory Allan DOGAN*

*Non-executive directors*
*Mr HO Kian Guan*
*Mr KUOK Khoon Loong Edward*
*Mr Roberto V ONGPIN*
*Mr HO Kian Hock*
*(alternate to Mr HO Kian Guan)*

*Independent non-executive directors*
*Mr Alexander Reid HAMILTON*
*Mr Timothy David DATTELS*
*Mr WONG Kai Man*
*Mr Michael Wing-Nin CHIU*
*Professor LI Kwok Cheung Arthur*

* *For identification purpose only*