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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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嘉里建設有限公司*

KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

website: www.kerryprops.com

(Stock Code: 683)

**PROPOSALS FOR
GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES,
RE-ELECTION OF DIRECTORS,
ADOPTION OF THE 2020 SHARE OPTION SCHEME AND
TERMINATION OF THE 2011 SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

Resolutions will be proposed at the Annual General Meeting of Kerry Properties Limited to be held at Island Ballroom, Level 5, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong on Wednesday, 20 May 2020 at 2:30 p.m. to approve the matters referred to in this circular.

The notice convening the Annual General Meeting together with the form of proxy for use at the Annual General Meeting are enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting.

* *For identification purpose only*

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
1. Introduction	7
2. General Mandate to Repurchase Shares	8
3. General Mandate to Issue New Shares	8
4. Re-election of Directors	8
5. Directors' Fees	9
6. Adoption of the 2020 Share Option Scheme and Termination of the 2011 Share Option Scheme	10
7. Voting by Poll	12
8. Annual General Meeting	12
9. Recommendation	13
10. Responsibility Statement	13
Appendix I – Explanatory Statement on Share Repurchase Mandate	14
Appendix II – Summary of the Principal Terms of the 2020 Share Option Scheme	17
Notice of Annual General Meeting	31

DEFINITIONS

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

“2011 Share Option Scheme”	the share option scheme adopted by the Company on 5 May 2011;
“2020 Share Option Scheme”	the new share option scheme to be adopted by the Company pursuant to the ordinary resolution referred to in item 6D(1) of the notice of the Annual General Meeting in its present or any amended form;
“ACG Committee”	audit and corporate governance committee of the Company;
“Adoption Date”	20 May 2020 (the date on which the 2020 Share Option Scheme is adopted by a resolution of the Company in the Annual General Meeting);
“Affiliate Company”	a Controlling Shareholder of the Company or a Subsidiary or an Associate of a Controlling Shareholder;
“Allotment Date”	the date on which Shares are allotted to a Grantee pursuant to an Option granted and exercised hereunder;
“Annual General Meeting”	the annual general meeting of the Company to be held at Island Ballroom, Level 5, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong on Wednesday, 20 May 2020 at 2:30 p.m.;
“Associate(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Auditors”	the auditors of the Company at the relevant time;
“Bankruptcy Ordinance”	the Bankruptcy Ordinance (Chapter 6 of the laws of Hong Kong) as amended from time to time;
“Board”	the board of Directors;
“Board Meeting”	board meeting of the Company;
“Business Day”	shall have the meaning ascribed to it under the Listing Rules;

DEFINITIONS

“Bye-laws”	the bye-laws of the Company, as amended from time to time;
“Commencement Date”	in respect of any particular Option, the date upon which the Option is deemed to be granted and accepted in accordance with the provisions of the 2020 Share Option Scheme, as set out in paragraph 5.04 of Appendix II to this circular;
“Companies Act”	the Companies Act 1981 of Bermuda as amended from time to time;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as amended from time to time;
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong) as amended from time to time;
“Company”	Kerry Properties Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“Connected Person(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Controlling Shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Culpable Termination”	termination of the employment of an Executive on the grounds that he has been guilty of serious misconduct, or there exist grounds allowing his summary dismissal under his employment contract or under common law, or he is unable or has no reasonable prospects of being able to pay his debts within the meaning of the Bankruptcy Ordinance or any other applicable law, or he has become otherwise insolvent or has made any arrangements or compositions with his creditors generally, or he has been convicted of any criminal offence involving his integrity or honesty;
“Director(s)”	the director(s) of the Company;

DEFINITIONS

“Eligible Person(s)”	means any of the following persons: <ul style="list-style-type: none">(a) an Executive;(b) a director or proposed director (including an independent non-executive director) of any member of the Group;(c) a consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;(d) a person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group; or(e) an Associate of any of the foregoing persons;
“Executive”	any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in, any member of the Group (an “ Employee ”), any proposed Employee, any full-time or part-time Employee, or a person for the time being seconded to work full-time or part-time for any member of the Group;
“Executive Director(s)”	the executive director(s) of the Company;
“Grantee”	any Eligible Person who accepts the offer of the grant of an Option in accordance with the terms of the 2020 Share Option Scheme or (in the case of an Eligible Person being an individual and where the context so permits) the legal personal representative(s) entitled to any such Option in consequence of the death of the Eligible Person;
“Group”	the Company and its Subsidiaries and, for the purpose of the 2020 Share Option Scheme, the Company, its Subsidiaries and Associates, and Invested Entities;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;

DEFINITIONS

“IFA”	the independent financial adviser appointed by the Board for the purposes of paragraph (12) of Appendix II to this circular;
“INED”	the independent non-executive director(s) of the Company;
“Invested Entity”	a corporation, partnership, incorporated or unincorporated body or other entity in which the Company or any of its Subsidiaries holds an interest;
“KGL”	Kerry Group Limited;
“Latest Practicable Date”	31 March 2020, being the latest practicable date for ascertaining certain information referred to in this circular prior to the printing of this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“Nomination Committee”	nomination committee of the Company;
“Non-Executive Director(s)”	the non-executive director(s) of the Company;
“Non-Executive Director Retirement”	a non-executive Director of the Company who retires pursuant to the provisions of the Bye-laws and who notifies the Company that he/she is not offering himself/herself up for re-election at the Company’s annual general meeting;
“Offer Date”	the date of the Board resolution approving the grant of Options, which must be a Business Day;
“Option”	an option to subscribe for Shares granted pursuant to the 2020 Share Option Scheme;
“Option Period”	in respect of any particular Option, such period as the Board may in its absolute discretion determine, save that such period shall not be longer than 10 years commencing on the Commencement Date;
“Option Shares”	Shares to which any particular Option relates;

DEFINITIONS

“Other Share Option Schemes”	any and all schemes of the Company other than the 2020 Share Option Scheme (for avoidance of doubt, including 2011 Share Option Scheme) involving the grant of options over new Shares or other new securities of the Company;
“PRC”	the People’s Republic of China;
“Remuneration Committee”	remuneration committee of the Company;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	share(s) of HK\$1.00 each of the Company, or, if there has been a subdivision, consolidation, reclassification of or reconstruction of the number of issued shares of the Company, shares forming part of the number of issued ordinary shares of the Company;
“Share Issue Mandate”	a general mandate to be given to the Directors to exercise the powers of the Company to allot, issue and deal with additional Shares not exceeding 20 per cent. of the aggregate number of issued Shares of the Company at the date of passing the relevant ordinary resolution;
“Share Repurchase Mandate”	a general and unconditional mandate to be given to the Directors to exercise the powers of the Company to repurchase at any time until the next annual general meeting of the Company or such earlier period as stated in the Share Repurchase Resolution the Shares up to a maximum of 10 per cent. of the fully paid-up issued Shares of the Company at the date of passing of the Share Repurchase Resolution;
“Share Repurchase Resolution”	the ordinary resolution referred to in item 6B of the notice of the Annual General Meeting;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

DEFINITIONS

“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to the 2020 Share Option Scheme, as set out in paragraph (6) of Appendix II to this circular;
“Subsidiary”	a subsidiary (within the meaning of the Companies Ordinance) of the Company from time to time;
“Substantial Shareholder”	shall have the meaning ascribed to it under the Listing Rules;
“Supplementary Guidance”	Supplementary Guidance attached to the letter from the Stock Exchange dated 5 September 2005 and any guidance and interpretation issued from time to time by the Stock Exchange relating to share option schemes; and
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers approved by the Securities and Futures Commission from time to time.

LETTER FROM THE BOARD



嘉里建設有限公司*

KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

website: www.kerryprops.com

(Stock Code: 683)

Executive Directors:

Mr. Wong Siu Kong (Chairman)

Mr. Kuok Khoon Hua

(Vice Chairman and Chief Executive Officer)

Mr. Bryan Pallop Gaw

Mr. Wong Chi Kong, Louis

Independent Non-Executive Directors:

Mr. Ku Moon Lun

Ms. Wong Yu Pok, Marina, JP

Mr. Chang Tso Tung, Stephen

Registered Office:

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

**Head Office and Principal Place
of Business in Hong Kong:**

25/F, Kerry Centre

683 King's Road

Quarry Bay

Hong Kong

16 April 2020

*To the Shareholders and, for information only,
the Option-holders of Kerry Properties Limited*

Dear Sir or Madam,

**PROPOSALS FOR
GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES,
RE-ELECTION OF DIRECTORS,
ADOPTION OF THE 2020 SHARE OPTION SCHEME AND
TERMINATION OF THE 2011 SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information relating to, *inter alia*, the proposed renewal of the Share Repurchase Mandate, the Share Issue Mandate and the extended Share Issue Mandate, the proposed re-election of Directors who are going to retire and offer themselves for re-election at the Annual General Meeting, the proposed Directors' fees and the proposed adoption of the 2020 Share Option Scheme and termination of the 2011 Share Option Scheme, and to give you the notice of the Annual General Meeting.

* For identification purpose only

LETTER FROM THE BOARD

2. GENERAL MANDATE TO REPURCHASE SHARES

The latest general mandate to repurchase Shares up to a maximum of 10 per cent. of the fully paid-up issued Shares of the Company was granted to the Directors at the 2019 annual general meeting of the Company held on 21 May 2019. This general mandate will lapse at the conclusion of the Annual General Meeting unless renewed at that meeting.

Therefore, the Share Repurchase Resolution will be proposed at the Annual General Meeting to approve the grant of the Share Repurchase Mandate to the Directors. The Share Repurchase Mandate will continue in force until the conclusion of the next annual general meeting of the Company or any earlier date as referred to in item 6B of the notice of the Annual General Meeting.

Shareholders should refer to the explanatory statement contained in the Appendix of this circular, which sets out further information in relation to the Share Repurchase Mandate.

3. GENERAL MANDATE TO ISSUE NEW SHARES

The ordinary resolution to grant the Share Issue Mandate will be proposed at the Annual General Meeting. As at the Latest Practicable Date, the number of issued Shares of the Company comprised 1,456,501,228 fully paid-up Shares. If there is no allotment or repurchase of the Shares between the Latest Practicable Date and the date of Annual General Meeting, the Share Issue Mandate shall not exceed 291,300,245 Shares.

4. RE-ELECTION OF DIRECTORS

In relation to the proposed resolution no. 3 as set out in the notice of the Annual General Meeting regarding re-election of the retiring Directors, Messrs. Wong Siu Kong, Kuok Khoon Hua and Ku Moon Lun are due to retire from the Board by rotation in accordance with Bye-law 99 at the Annual General Meeting. Mr. Ku has decided not to stand for re-election. The other retiring Directors, being eligible, offer themselves for re-election.

The process used for identifying an individual as Director (including INED) of the Company is set out in the section headed “Nomination Committee Report” of the Company’s annual report 2019.

Save for the information set out below, 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 retiring Directors who stand for re-election at the Annual General Meeting.

Brief biographical details of the retiring Directors proposed to be re-elected at the Annual General Meeting are set out in the section headed “Directors and Senior Management” on page 87 of the Company’s annual report 2019.

LETTER FROM THE BOARD

There is no service contract signed between the Company and each of the Directors who stand for re-election at the Annual General Meeting. The total amount of the directors' emoluments for the year ended 31 December 2019 received by each of the retiring Directors are set out in note 14(a) to the financial statements of the Company's annual report 2019. The emoluments of the Executive Director are determined by reference to the corporate and individual performances as well as market/sector trends. Pursuant to the Bye-laws, the Directors 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 the Directors is effectively three years.

As at the Latest Practicable Date, Mr. Wong Siu Kong has a deemed interest of 50,000 Shares and 3,784,000 underlying Shares held under equity derivatives and Mr. Kuok has a personal interest of 1,179,413 Shares and a deemed interest of 3,297,763 Shares within the meaning of Part XV of the SFO.

Save as disclosed above, each of the Directors who stand for re-election at the Annual General Meeting did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years and does not have any relationships with any Directors, senior management, Substantial Shareholders or Controlling Shareholders of the Company.

5. DIRECTORS' FEES

In relation to the proposed resolution No. 4 as set out in the notice of the Annual General Meeting regarding the fixing of Directors' fees (being fees payable to the Non-Executive Directors) for the year ending 31 December 2020, the Directors had a recent review of the level of fees payable to the Non-Executive Directors and recommended that all fees payable to each Non-Executive Directors are the same as those for the year ended 31 December 2019 which are stated below for reference:

- (a) a fee at the rate of HK\$300,000 per annum be payable to each Non-Executive Director;
- (b) a fee at the rate of HK\$180,000 per annum be payable to the chairman of the ACG Committee who is a Non-Executive Director;
- (c) a fee at the rate of HK\$150,000 per annum be payable to each member of the ACG Committee who is a Non-Executive Director;
- (d) a fee at the rate of HK\$40,000 per annum be payable to the chairman of the Remuneration Committee who is a Non-Executive Director;
- (e) a fee at the rate of HK\$30,000 per annum be payable to each member of the Remuneration Committee who is a Non-Executive Director;
- (f) a fee at the rate of HK\$30,000 per annum be payable to each member of the Nomination Committee who is a Non-Executive Director; and

LETTER FROM THE BOARD

- (g) a fee of HK\$5,000 for attendance at each Board Meeting, ACG Committee Meeting, Remuneration Committee Meeting and Nomination Committee Meeting be payable to each Non-Executive Director.

The proposed Directors' fees (being fees payable to the Non-Executive Directors) for the year ending 31 December 2020 as mentioned above will be put forward at the Annual General Meeting for Shareholders' approval.

6. ADOPTION OF THE 2020 SHARE OPTION SCHEME AND TERMINATION OF THE 2011 SHARE OPTION SCHEME

References are made to the circular of the Company dated 28 March 2011 in relation to, among other things, the adoption of the 2011 Share Option Scheme and the announcement of the Company dated 17 March 2020 in relation to, among other things, the proposed adoption of 2020 Share Option Scheme and the termination of the 2011 Share Option Scheme.

On 5 May 2011, the Shareholders approved, among others, the adoption of the 2011 Share Option Scheme.

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,456,501,228 Shares. Under the 2011 Share Option Scheme, the Company can grant options to subscribe for up to 143,740,348 Shares, representing 10 per cent. of the issued share capital of the Company as at the date of the adoption of the 2011 Share Option Scheme. As at the Latest Practicable Date, options to subscribe for an aggregate of 19,153,500 Shares had been granted and remained outstanding under the 2011 Share Option Scheme, representing approximately 1.32% of the total Shares in issue. The 2011 Share Option Scheme will expire on 4 May 2021.

Save for the 2011 Share Option Scheme, as at the Latest Practicable Date, there were no other share option schemes put in place by the Company.

It is proposed that, subject to the approval of the Shareholders for the adoption of the 2020 Share Option Scheme at the Annual General Meeting and the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of Options to be granted under the 2020 Share Option Scheme, the 2011 Share Option Scheme shall be terminated with effect from the conclusion of the Annual General Meeting (such that thereafter no further options shall be offered but the options which had been granted, if any, during the life of the 2011 Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the 2011 Share Option Scheme shall remain in full force and effect) and the 2020 Share Option Scheme will take effect on the date of its adoption at the Annual General Meeting. Operation of the 2020 Share Option Scheme will commence after all conditions precedent have been fulfilled.

LETTER FROM THE BOARD

The Directors consider that in order to enable the Group to motivate Eligible Persons to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth and success of the Group, it is important that the Group should continue to provide such Eligible Persons with an additional incentive by offering them an opportunity to obtain an ownership interest in the Company and to reward them for contributing to the long term success of the Group.

Under the provisions of the 2020 Share Option Scheme, the Board has discretion to set a minimum period for which an Option has to be held before it may be exercised. This discretion allows the Board to provide incentives to an Eligible Person to remain as an Eligible Person during the minimum period and thereby enable the Group to continue to benefit from the services of such Eligible Person during such period. This discretion, coupled with the power of the Board to impose any performance target as they may consider appropriate before any Option can be exercised, enables the Group to provide incentives to the Eligible Persons to use their best endeavours in assisting the growth and the development of the Group and places the Group in a better position to attract human resources that are valuable to the growth and the development of the Group as a whole.

It is therefore proposed that the 2020 Share Option Scheme for the benefit of the Eligible Persons be adopted and the 2011 Share Option Scheme be terminated simultaneously with effect from the conclusion of the Annual General Meeting. A summary of the principal terms of the 2020 Share Option Scheme is set out in Appendix II to this circular. A copy of the 2020 Share Option Scheme will be available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at 25/F, Kerry Centre, 683 King's Road, Quarry Bay, Hong Kong, during the 14-day period immediately preceding the Annual General Meeting and at the Annual General Meeting itself.

Taking into account the number of Shares in issue as at the Latest Practicable Date, and assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the Adoption Date, the maximum number of Shares that may be issued pursuant to the 2020 Share Option Scheme (if adopted) and Other Share Option Schemes on the Adoption Date will be 145,650,122 Shares, being 10 per cent. of the Company's issued share capital as at the Latest Practicable Date, unless the Company obtains a fresh approval from Shareholders to refresh the 10% limit, provided, *inter alia*, that the maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the 2020 Share Option Scheme and any Other Share Option Schemes (if any) must not exceed 30% of the number of Shares in issue from time to time.

As at the Latest Practicable Date, the Company does not have any plan to grant share options under the 2020 Share Option Scheme. If the Company grants any share options under the 2020 Share Option Scheme, further announcement in relation to details of such grant will be made as and when appropriate in accordance with the Listing Rules.

LETTER FROM THE BOARD

The 2020 Share Option Scheme is in compliance with Chapter 17 of the Listing Rules. Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the Options to be granted under the 2020 Share Option Scheme.

The Board considers it inappropriate to value all the Options that can be granted under the 2020 Share Option Scheme on the assumption that they were granted on the Latest Practicable Date. This is because a number of factors critical for determining such a valuation cannot be reasonably determined. These factors include, without limitation, the Subscription Price, the Option Period, the vesting period, and the other terms and conditions of the grant, particularly those conditions which may be contingent in nature, or other continuing eligibility criteria which the Board has the discretion to prescribe upon the grant of an Option. Accordingly, any valuation of the Options based on these speculative assumptions would not be meaningful and may be misleading to Shareholders.

None of the Directors are appointed as trustees of the 2020 Share Option Scheme or have a direct or indirect interest in the trustees of the 2020 Share Option Scheme.

As part of the special businesses of the Annual General Meeting, Shareholders are asked to consider and if thought fit, to pass the ordinary resolution as set out in item 6D of the notice of the Annual General Meeting to, among other things, (a) approve the 2020 Share Option Scheme; (b) authorise the Directors to issue and allot Shares upon exercise of the Options; and (c) terminate the 2011 Share Option Scheme.

7. VOTING BY POLL

All the resolutions set out in the notice of the Annual General Meeting would be decided by poll in accordance with the Listing Rules and the Bye-laws. The chairman of the Annual General Meeting would explain the detailed procedures for conducting a poll at the commencement of the Annual General Meeting.

The poll results will be published on the Company's website at www.kerryprops.com and the Stock Exchange's website at www.hkexnews.hk after the conclusion of the Annual General Meeting.

8. ANNUAL GENERAL MEETING

Notice of the Annual General Meeting is set out on pages 31 to 36 of this circular. A form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting. Completion and return of the form of proxy will not prevent you from attending and voting at the Annual General Meeting if you so wish.

LETTER FROM THE BOARD

9. RECOMMENDATION

The Directors consider that the resolutions, including but without limitation to, the proposed renewal of the Share Repurchase Mandate, the Share Issue Mandate and the extended Share Issue Mandate, the proposed re-election of Directors and the proposed Directors' fees and the proposed adoption of the 2020 Share Option Scheme and termination of the 2011 Share Option Scheme, as set out respectively in the notice of the Annual General Meeting are all in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend Shareholders to vote in favour of all such resolutions to be proposed at the Annual General Meeting.

10. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,
For and on behalf of
Kerry Properties Limited
Wong Siu Kong
Chairman

The following is the explanatory statement required to be sent to Shareholders under the Listing Rules to enable them to make an informed decision on whether to vote for or against the ordinary resolution in relation to the Share Repurchase Mandate to be proposed at the Annual General Meeting.

1. SHARE REPURCHASE PROPOSAL

As at the Latest Practicable Date, the number of issued Shares of the Company comprised 1,456,501,228 fully paid-up Shares. It is proposed that up to a maximum of 10 per cent. of the fully paid-up Shares in issue at the date of passing of the Share Repurchase Resolution to approve the Share Repurchase Mandate may be repurchased by the Directors. Subject to the passing of the Share Repurchase Resolution, on the basis that no further Shares are issued prior to the Annual General Meeting and ignoring other restrictions, the Company would be allowed under the Share Repurchase Mandate to repurchase up to a maximum of 145,650,122 fully paid-up Shares.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from the Shareholders to enable the Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Bye-laws and the laws of Bermuda. The laws of Bermuda provide that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for dividend or the proceeds of a fresh issue of shares made for the purpose. The premium payable on repurchase may only be paid out of either the profits what would otherwise be available for dividend or out of the share premium or contributed surplus accounts of the Company.

The Directors propose that such repurchases of Shares would be appropriately financed by the Company's internal resources and/or available banking facilities. There might be a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited consolidated financial statements contained in the annual report of the Company for the year ended 31 December 2019 and taking into account the financial position of the Company as at the Latest Practicable Date, in the event that the proposed share repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Share

Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. DIRECTORS' UNDERTAKING AND CONNECTED PERSONS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, the exercise of the power of the Company to make repurchases pursuant to the Share Repurchase Resolution will be in accordance with the Listing Rules and the applicable laws of Bermuda.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their Associates have a present intention, in the event that the Share Repurchase Resolution is adopted by Shareholders, to sell Shares to the Company or its subsidiaries.

No Connected Persons have notified the Company that they have a present intention to sell Shares held by them to the Company, or have undertaken not to do so, in the event that the Company is authorised to make repurchases of its Shares.

5. EFFECT OF THE TAKEOVERS CODE

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of a share repurchase, any such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert (depending on the level of increase of Shareholders' interests) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. As at the Latest Practicable Date, KGL was directly or indirectly interested in 859,531,055 Shares as disclosed under the SFO, which constituted approximately 59.01 per cent. of the voting rights attaching to the number of issued Shares of the Company. Were the Share Repurchase Mandate to be exercised in full, which is considered to be unlikely in the current circumstances, KGL would (assuming that there is no change in relevant facts and circumstances) hold approximately 65.57 per cent. of the voting rights attaching to the number of issued Shares of the Company. It is considered that, in the absence of any special circumstances, an obligation to make a mandatory offer as referred to above as a result of a share repurchase is unlikely to arise. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Share Repurchase Mandate.

6. SHARE REPURCHASES MADE BY THE COMPANY

There was no repurchase by the Company or any of its subsidiaries of the Shares during the six months prior to the Latest Practicable Date.

7. MARKET PRICES

During each of the 12 months preceding and up to the Latest Practicable Date, the highest and lowest prices at which the Shares were traded on the Stock Exchange are as follows:

Year	Month	Shares	
		Highest Price HK\$	Lowest Price HK\$
2019	March	35.75	31.25
	April	36.90	33.10
	May	34.95	28.80
	June	33.40	28.70
	July	34.30	29.30
	August	30.05	25.90
	September	26.45	23.10
	October	25.80	23.30
	November	27.25	24.55
	December	26.00	23.85
2020	January	25.80	21.60
	February	24.55	21.15
	March (up to the Latest Practicable Date)	23.25	17.14

This Appendix summaries the principal terms of the 2020 Share Option Scheme but does not form part of, nor is it intended to be, part of the 2020 Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the 2020 Share Option Scheme. The Directors reserve the right at any time prior to the Annual General Meeting to make such amendments to the 2020 Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict in any material aspects with the summary in this Appendix.

The following is a summary of the principal terms of the 2020 Share Option Scheme which is proposed to be adopted by the Company as a share incentive scheme for the Company at the Annual General Meeting:

(1) CONDITIONS AND ADMINISTRATION OF THE 2020 SHARE OPTION SCHEME

The 2020 Share Option Scheme shall take effect on the Adoption Date subject to:

- (a) the passing of an ordinary resolution to adopt the 2020 Share Option Scheme by the Shareholders at the Annual General Meeting; and
- (b) the granting by the Stock Exchange of the approval for the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the Options to be granted under the 2020 Share Option Scheme.

The 2020 Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the 2020 Share Option Scheme or its interpretation or effect shall (save as otherwise provided in the 2020 Share Option Scheme) be final and binding on all parties thereto. The Board may delegate any or all of its powers in relation to the 2020 Share Option Scheme to any of its committees.

(2) PURPOSES OF THE 2020 SHARE OPTION SCHEME

The 2020 Share Option Scheme is a share incentive scheme and is established to:

- (a) recognise, motivate and provide incentives to Eligible Persons who make contributions to the Group so as to optimise their future contributions to the Group; and/or
- (b) reward the Eligible Persons for their past contributions, attract and retain or otherwise maintain ongoing relationships with Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives, enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

The 2020 Share Option Scheme will give the Eligible Persons an opportunity to have a personal stake in the Company and will help with the long-term objectives of:

- (a) motivating the Eligible Persons to optimize their performance and efficiency; and
- (b) attracting and retaining the Eligible Persons whose contributions are important to the long-term growth and profitability of the Group.

(3) DETERMINATION OF ELIGIBILITY

3.01 The Board may, at its absolute discretion, offer to grant to any Eligible Person an Option to subscribe for Shares under the 2020 Share Option Scheme.

3.02 The basis of eligibility of any of the Eligible Persons to the grant of any Options shall be determined by the Directors from time to time on the basis of their contributions to the development and the growth of the Group.

3.03 For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares to any person who falls within the definition of Eligible Persons shall not, by itself, unless the Directors otherwise determine, be construed as a grant of Options under the 2020 Share Option Scheme.

3.04 An Eligible Person or Grantee shall provide the Board such information and supporting evidence as the Board may in its absolute discretion request from time to time (including, without limitation, before the offer of a grant of Option, at the time of acceptance of a grant of Option, and at the time of exercise of an Option) for the purpose of assessing and/or determining his eligibility or continuing eligibility as an Eligible Person and/or Grantee or that of his Associates or for purposes in connection with the terms of an Option (and the exercise thereof) or the 2020 Share Option Scheme and the administration thereof.

(4) DURATION

The 2020 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date. However, the Shareholders in general meeting may by resolution at any time terminate the 2020 Share Option Scheme. Upon the expiry or termination of the 2020 Share Option Scheme as aforesaid, no further Options shall be offered but in all other respects the provisions of the 2020 Share Option Scheme shall remain in full force and effect. All Options granted prior to such expiry or termination (as the case may be) and not then exercised shall continue to be valid and exercisable subject to and in accordance with the 2020 Share Option Scheme.

(5) GRANT OF OPTIONS

- 5.01 On and subject to the terms of the 2020 Share Option Scheme, the Board shall be entitled at any time within a period of 10 years commencing on the Adoption Date to offer the grant of any Option to any Eligible Person as the Board may in its absolute discretion select, and on acceptance of the offer, grant such part of the Option as accepted to the Eligible Person.
- 5.02 Subject to the provisions of the 2020 Share Option Scheme, the Board may in its absolute discretion when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the 2020 Share Option Scheme as the Board may think fit (to be stated in the letter containing the offer of the grant of the Option) including (without prejudice to the generality of the foregoing) continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Company and/or the Grantee, the satisfactory performance or maintenance by the Grantee of certain conditions or obligations or the time or period when the right to exercise the Option in respect of all or some of the Option Shares shall vest.
- 5.03 The Board shall not offer the grant of an Option to any Eligible Person: (i) after an inside information has come to the Company's knowledge and until such inside information has been announced pursuant to the relevant requirements of the Listing Rules; or (ii) within the period commencing one month immediately preceding the earlier of: (1) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (2) the deadline for the Company to publish an announcement of its result for any year, half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement. The period during which no Option may be granted will cover any period of delay in the publication of the results announcement.
- 5.04 An offer of the grant of an Option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Option duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within the period specified in the letter containing the offer of the grant of the Option. Once such acceptance is made, the Option shall be deemed to have been granted and to have taken effect from the Offer Date.

(6) SUBSCRIPTION PRICE OF SHARES

The Subscription Price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the Subscription Price shall be at least the higher of:

- (a) the nominal value of a Share;
- (b) the closing price of the Shares as stated in Stock Exchange's daily quotations sheet on the Offer Date; and
- (c) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five Business Days immediately preceding the Offer Date.

The Subscription Price shall also be subject to adjustment in accordance with paragraph (12) of this Appendix.

(7) EXERCISE OF OPTIONS

7.01 An Option shall be exercised in whole or in part by the Grantee according to the procedures for the exercise of Options established by the Company from time to time. Every exercise of an Option must be accompanied by a remittance for the full amount of the Subscription Price for the Option Shares in respect of which the Option is being exercised.

7.02 An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option or purport to do so. Any breach of the foregoing shall entitle the Company to cancel, revoke or terminate any outstanding Option or part thereof granted to such Grantee without any compensation.

7.03 Subject to paragraph 7.05 and any conditions, restrictions or limitations imposed in relation to the particular Option pursuant to the provisions of paragraph 5.02, (9) or (11) and subject as hereinafter provided, an Option may be exercised at any time during the Option Period, provided that:

- (a) if the Grantee (being an individual) dies or becomes permanently disabled before exercising an Option (or exercising it in full), he (or his legal representative(s)) may exercise the Option up to the Grantee's entitlement (to the extent not already exercised) within a period of 12 months following his death or permanent disability or such longer period as the Board may determine;

- (b) in the event of the Grantee ceasing to be an Executive by reason of his retirement pursuant to such retirement scheme applicable to the Group at the relevant time, his Option (to the extent not exercised) shall be exercisable until the expiry of the relevant Option Period;
- (c) in the event of the Grantee ceasing to be an Executive by reason of his transfer of employment to an Affiliate Company, his Option (to the extent not exercised) shall be exercisable until the expiry of the relevant Option Period unless the Board in its absolute discretion otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board has determined;
- (d) in the event of the Grantee ceasing to be an Executive for any reason (including his employing company ceasing to be a member of the Group) other than his death, permanent disability, retirement pursuant to such retirement scheme applicable to the Group at the relevant time, transfer of employment to an Affiliate Company or the termination of his employment with the relevant member of the Group by resignation or Culpable Termination, the Option (to the extent not already exercised) shall lapse on the date of cessation of such employment and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such cessation;
- (e) in the event of the Grantee ceasing to be an Executive by reason of the termination of his employment by resignation or Culpable Termination, the Option (to the extent not already exercised) shall lapse on the date on which the notice of termination is served (in the case of resignation) or the date on which the Grantee is notified of the termination of his employment (in the case of Culpable Termination) and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such service or notification. A resolution of the Board resolving that the Executive's Option has lapsed pursuant to this sub-paragraph shall be final and conclusive;
- (f) (i) if a Grantee being an executive Director of the Company ceases to be an Executive but remains a non-executive Director, his Option (to the extent not already exercised) shall be exercisable until the expiry of the relevant Option Period unless the Board in its absolute discretion otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board has determined; or (ii) if a Grantee being a non-executive Director of the Company ceases to be a Director (aa) by reason of Non-Executive Director Retirement, his Option (to the extent not exercised) shall be exercisable until the expiry of the relevant Option Period unless the Board in its absolute discretion otherwise determines in which event the Option (or such remaining part thereof)

shall be exercisable within such period as the Board has determined; or (ab) for reasons other than Non-Executive Director Retirement, the Option (to the extent not already exercised) shall lapse on the date of cessation of such appointment and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such cessation;

- (g) if (i) the Board in its absolute discretion at any time determines that a Grantee has ceased to be an Eligible Person; or (ii) a Grantee has failed to or no longer satisfies or complies with such criteria or terms and conditions that may be attached to the grant of the Option or which were the basis on which the Option was granted, the Option (to the extent not already exercised) shall lapse on the date on which the Grantee is notified thereof (in the case of (i)) or on the date on which the Grantee has failed to or no longer satisfies or complies with such criteria or terms and conditions as aforesaid (in the case of (ii)) and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such notification or the date of such failure/non-satisfaction/non-compliance. In the case of (i), a resolution of the Board resolving that the Grantee's Option has lapsed pursuant to this sub-paragraph shall be final and conclusive;
- (h) if a Grantee (being a corporation) (i) has a liquidator, provisional liquidator, receiver or any person carrying out any similar function appointed anywhere in the world in respect of the whole or any part of the assets or undertaking of the Grantee; or (ii) has suspended ceased or threatened to suspend or cease business; or (iii) is unable to pay its debts (within the meaning of section 178 of the Companies (WUMP) Ordinance or any similar provisions under the Companies Act) or any applicable law; or (iv) otherwise becomes insolvent; or (v) suffers a change in its constitution, directors, shareholding or management which in the opinion of the Board is material; or (vi) commits a breach of any contract entered into between the Grantee or his Associate and any member of the Group, the Option (to the extent not already exercised) shall lapse on the date of appointment of the liquidator or receiver or other similar person or on the date of suspension or cessation of business or on the date when the Grantee is deemed to be unable to pay its debts as aforesaid or on the date of notification by the Company that the said change in constitution, directors, shareholding or management is material or on the date of the said breach of contract (as the case may be) and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such occurrence. A resolution of the Board resolving that the Grantee's Option has lapsed pursuant to this sub-paragraph by reason of a breach of contract as aforesaid shall be final and conclusive;

- (i) if a Grantee (being an individual) (i) is unable or has no reasonable prospects of being able to pay his debts within the meaning of the Bankruptcy Ordinance or any other applicable law or has otherwise become insolvent; or (ii) has made any arrangements or compositions with his creditors generally; or (iii) has been convicted of any criminal offence involving his integrity or honesty; or (iv) commits a breach of any contract entered into between the Grantee or his Associate and any member of the Group, the Option (to the extent not already exercised) shall lapse on the date on which he is deemed unable or to have no reasonable prospects of being able to pay his debts as aforesaid or on the date on which a petition for bankruptcy has been presented in any jurisdiction or on the date on which he enters into the said arrangement or composition with his creditors or on the date of his conviction or on the date of the said breach of contract (as the case may be) and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such occurrence. A resolution of the Board resolving that the Grantee's Option has lapsed pursuant to this sub-paragraph by reason of a breach of contract as aforesaid shall be final and conclusive;
- (j) if a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional (in the case of a takeovers offer) or is approved by the requisite majorities at the relevant meetings of the Shareholders (in the case of a scheme of arrangement), the Grantee shall be entitled to exercise the Option (to the extent not already exercised) at any time (in the case of a takeovers offer) within one month after the date on which the offer becomes or is declared unconditional or (in the case of a scheme of arrangement) prior to such time and date as shall be notified by the Company;
- (k) in the event of an effective resolution being passed for the voluntary winding-up of the Company, and if the Grantee immediately prior to such event had any subsisting Option which had not been fully exercised, the Grantee may by notice in writing to the Company within one month after the date of such resolution elect to be treated as if the Option had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in such notice and shall accordingly be entitled to receive out of the assets available in the liquidation, *pari passu* with the holders of Shares, such sum as would have been received in respect of the Shares the subject of such election reduced by an amount equal to the Subscription Price which would otherwise have been payable in respect thereof; and

- (l) if a compromise or arrangement between the Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company, the Company shall give notice thereof to the Grantees who have unexercised Options at the same time as it dispatches notices to all members or creditors of the Company summoning the meeting to consider such a compromise or arrangement and thereupon each Grantee (or his legal representatives or receiver) may until the expiry of the earlier of: (i) the Option Period; (ii) the period of two months from the date of such notice; and (iii) the date on which such compromise or arrangement is sanctioned by the court, exercise in whole or in part his Option. Except insofar as exercised in accordance with this paragraph 7.03(l), all Options outstanding at the expiry of the relevant period referred to in this paragraph 7.03(l) shall lapse. The Company may thereafter require each Grantee to transfer or otherwise deal with the Shares issued on exercise of the Option to place the Grantee in the same position as would have been the case had such Shares been the subject of such compromise or arrangement,

provided that in determining the entitlement of any Grantee to exercise an Option at any particular date, the Board may in its absolute discretion relax or waive, in whole or in part, conditionally or unconditionally, any additional conditions, restrictions or limitations imposed in relation to the particular Option pursuant to the provisions of paragraph 5.02 and/or deem the right to exercise the Option in respect of the Shares the subject thereof to have been exercisable notwithstanding that according to the terms of the particular Option such right shall not have then vested.

- 7.04 The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the memorandum of association of the Company and the Bye-laws and the laws of Bermuda in force from time to time and shall rank *pari passu* in all respects with the then existing fully-paid Shares in issue on the Allotment Date, and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made on or after the Allotment Date, other than any dividend or other distributions previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the Allotment Date. Subject as aforesaid, no Grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of an Option pursuant to the 2020 Share Option Scheme.
- 7.05 The Company is entitled to refuse any exercise of an Option if such exercise is not in accordance with the terms of the 2020 Share Option Scheme or the procedures for exercise of Options established by the Company from time to time or if such exercise may cause the Company to contravene or breach any laws, enactment or regulations for the time being in force in Hong Kong and Bermuda or other jurisdiction where applicable or the Listing Rules or any rules governing the listing of the Shares of the Company on a Stock Exchange.

(8) LAPSE OF OPTIONS

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of the occurrence of any of the following events unless otherwise relaxed or waived (conditionally or unconditionally) by the Board:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in paragraphs 7.03(a) to (l);
- (c) (subject to paragraph 7.03(k)) the date of the commencement of the winding-up of the Company;
- (d) there is an unsatisfied judgment, order or award outstanding against the Grantee or the Board has reason to believe that the Grantee is unable to pay or to have no reasonable prospect of being able to pay his/its debts within the meaning of the Bankruptcy Ordinance;
- (e) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in paragraph 7.03(h), 7.03(i) or paragraph 8(d); or
- (f) a bankruptcy order has been made against any Director or shareholder of the Grantee (being a corporation) in any jurisdiction.

No compensation shall be payable upon the lapse of any Option, provided that the Board shall be entitled in its discretion to pay such compensation to the Grantee in such manner as it may consider appropriate in any particular case.

(9) MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

9.01 Upon adoption of the 2020 Share Option Scheme by the Company in the Annual General Meeting, the maximum number of Shares which may be issued upon exercise of all options to be granted under the 2020 Share Option Scheme (and under any Other Share Option Schemes) shall not in aggregate exceed 10 per cent. of the Shares in issue as at the Adoption Date (the “**Scheme Mandate Limit**”), provided that:

- (a) the Company may at any time as the Board may think fit seek approval from its Shareholders to refresh the Scheme Mandate Limit, save that the maximum number of Shares which may be issued upon exercise of all options to be granted under the 2020 Share Option Scheme (and under any Other Share Option Schemes) shall not exceed 10 per cent. of the Shares in issue as at the date of approval by the Shareholders in general meeting where such limit is refreshed. Options previously granted under the 2020 Share Option Scheme and any Other Share Option Schemes (including those outstanding, cancelled, and lapsed in accordance with the terms of the 2020 Share Option Scheme or any Other Share Option Schemes or exercised options under the said schemes) shall not be counted for the purpose of calculating the limit as refreshed. The Company shall send a circular containing the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules to its Shareholders. In addition, the Company may seek separate approval from its Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Persons specified by the Company before such approval is sought and for whom specific approval is obtained. The Company shall issue a circular to its Shareholders containing a generic description of the Eligible Persons who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to these Eligible Persons with an explanation as to how the terms of the options serve such purpose, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (b) for the avoidance of doubt, Shares which may be issued upon the exercise of all options granted under the 2011 Share Option Scheme and outstanding as at the Adoption Date shall not be included in the calculation of the Scheme Mandate Limit as at the Adoption Date.

9.02 Notwithstanding paragraph 9.01, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2020 Share Option Scheme (and under any Other Share Option Schemes) shall not exceed 30 per cent. of the Shares in issue from time to time.

9.03 The maximum number of Shares issued and to be issued upon exercise of the Options granted to any one Eligible Person (including exercised and outstanding Options) in any 12-month period shall not exceed one per cent. of the Shares in issue from time to time. Where any further grant of Options to such an Eligible Person would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over one per cent. of the Shares in issue, such further grant shall be separately approved by the Shareholders in general meeting with such Eligible Person and his Associates abstaining from voting. The applicable requirements of Rule 17.03(4) of the Listing Rules shall be complied with.

9.04 The maximum numbers set out in paragraphs 9.01 to 9.03 above shall be subject to adjustment in accordance with paragraph 12 but shall not in any event exceed the limits imposed by the Listing Rules.

(10) MAXIMUM NUMBER OF SHARES PER GRANTEE WHO IS A CONNECTED PERSON

Each grant of options to a director, chief executive or Substantial Shareholder of the Company or any of their respective Associates under the 2020 Share Option Scheme shall be approved by independent non-executive Directors of the Company (excluding the independent non-executive Director of the Company who is the proposed Grantee of the Option). Where any grant of Options to a Substantial Shareholder or an independent non-executive Director of the Company or any of their respective Associates would result in the securities issued and to be issued upon exercise of all Options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1 per cent. of the Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options must be approved by the Shareholders.

The Company shall send a circular to the Shareholders containing the information required under Rule 17.04 of the Listing Rules. All Connected Persons of the Company shall abstain from voting in favour at such general meeting and may be entitled to vote against the relevant resolution provided that his or her intention to do so has been stated in the circular to be sent to the Shareholders. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

(11) CANCELLATION OF OPTIONS

The Board shall be entitled for the following causes to cancel any Option in whole or in part by giving notice in writing to the Grantee stating that such Option is thereby cancelled with effect from the date specified in such notice (the “**Cancellation Date**”):

- (a) the Grantee commits or permits or attempts to commit or permit a breach of paragraph 3.04 or 7.02 of this Appendix or any terms or conditions attached to the grant of the Option;
- (b) the Grantee makes a written request to the Board for the Option to be cancelled;
- (c) if the Grantee has, in the opinion of the Board, conducted himself in any manner whatsoever to the detriment of or prejudicial to the interests of the Company or a Subsidiary.

The Option shall be deemed to have been cancelled with effect from the Cancellation Date in respect of any part of the Option which has not been exercised as at the Cancellation Date. No compensation shall be payable upon any such cancellation, provided that the Board shall be entitled in its discretion to pay such compensation to the Grantee in such manner as it may consider appropriate in any particular case. Where the Company cancels an Option held by a Grantee and issues new options to the same Grantee, the issue of such new options may only be made under the 2020 Share Option Scheme with available unissued options (excluding the cancelled Option) within the limit approved by the Shareholders set out in paragraph (9) of this Appendix and, subject to the maximum number of Shares available for subscription referred to in paragraph (9) of this Appendix.

(12) REORGANISATION OF CAPITAL STRUCTURE

In the event of any change in the capital structure of the Company while any Option may become or remains exercisable, whether by way of a capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company, the Board may, if it considers the same to be appropriate, direct that adjustments be made to:

- (a) the number of Shares subject to outstanding Options;
- (b) the Subscription Price per Share of each outstanding Option; and/or
- (c) the number of Shares subject to the 2020 Share Option Scheme.

Where the Board determines that adjustments are appropriate (other than an adjustment arising from a capitalisation issue), the Auditors or the IFA (as the Board may select) shall certify in writing to the Board that any such adjustments to be in their opinion fair and reasonable and in compliance with Rule 17.03(13) of the Listing Rules (as amended from time to time) and the notes thereto and the Supplemental Guidance, provided that:

- (i) the aggregate percentage of the issued share capital of the Company available for the grant of Options shall remain as nearly as possible the same as it was before such change but shall not be greater than the maximum number prescribed by the Listing Rules from time to time;
- (ii) any such adjustments shall be made on the basis that the aggregate Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event;
- (iii) no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and
- (iv) any such adjustments shall, as nearly as practicable, be made on the basis that the proportion of the issued share capital of the Company for which any Grantee is entitled to subscribe pursuant to the Options held by him shall remain the same as (but shall not be greater than) that to which he was previously entitled (as interpreted in accordance with the Supplementary Guidance as amended from time to time).

For the avoidance of doubt only, the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring an adjustment.

The capacity of the Auditors or the IFA (as the case may be) in this paragraph (12) is that of experts and not of arbitrators and their certification or confirmation shall, in the absence of manifest error, be final, conclusive and binding on the Company and the Grantees. The costs of the Auditors or the IFA (as the case may be) shall be borne by the Company.

(13) SHARE CAPITAL

The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.

(14) DISPUTES

Any dispute arising in connection with the 2020 Share Option Scheme (whether as to the number of Shares, the subject of an Option, the amount of the Subscription Price or otherwise) shall be referred to the Auditors or the IFA (as the case may be) for decision, who shall act as experts and not as arbitrators and whose decision shall be final and binding.

(15) ALTERATION OF THE 2020 SHARE OPTION SCHEME

The 2020 Share Option Scheme may be altered in any respect by a resolution of the Board except that the following shall not be carried out except with the prior sanction of an ordinary resolution of the Shareholders in general meeting:

- (a) any material alteration to its terms and conditions or any change to the terms of Options granted (except where the alterations take effect under the existing terms of the 2020 Share Option Scheme);
- (b) any alteration, to the advantage of Grantees, to the provisions of the 2020 Share Option Scheme in relation to the matters set out in Rule 17.03 of the Listing Rules;
- (c) any change to the authority of the Directors in relation to any alteration to the terms of the scheme; and
- (d) any alteration to this paragraph (15),

provided always that the amended terms of the 2020 Share Option Scheme shall comply with the applicable requirements of Chapter 17 of the Listing Rules.

(16) TERMINATION

The Company by resolution in general meeting may at any time terminate the operation of the 2020 Share Option Scheme. Upon the expiry or termination of the 2020 Share Option Scheme as aforesaid, no further Options shall be offered but in all other respects the provisions of the 2020 Share Option Scheme shall remain in full force and effect. All Options granted prior to such expiry or termination (as the case may be) and not then exercised shall continue to be valid and exercisable subject to and in accordance with the 2020 Share Option Scheme.

NOTICE OF ANNUAL GENERAL MEETING



嘉里建設有限公司*

KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

website: www.kerryprops.com

(Stock Code: 683)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Kerry Properties Limited (the “**Company**”) will be held at Island Ballroom, Level 5, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong on Wednesday, 20 May 2020 at 2:30 p.m. for the following purposes:–

1. To receive and consider the audited financial statements and the reports of the directors and the auditor for the year ended 31 December 2019.
2. To declare a final dividend for the year ended 31 December 2019.
3. To re-elect retiring Directors.
4. To fix Directors’ fees.
5. To re-appoint the retiring auditor and to authorise the Directors of the Company to fix its remuneration.
6. To consider as special business, and if thought fit, pass the following resolutions as Ordinary Resolutions with or without amendments:

ORDINARY RESOLUTIONS

A. THAT:

- (a) subject to paragraph (c) below and in substitution for all previous authorities, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the shares of the Company and to make or grant offers, agreements, options and other rights, or issue warrants and other securities including bonds, debentures and notes convertible into shares of the Company, which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements, options and other rights, or issue warrants and other securities, which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of shares allotted or to be allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to or in consequence of:
 - (i) a Rights Issue (as hereinafter defined); or
 - (ii) the exercise of any option under any share option scheme or similar arrangement for the time being adopted for the grant or issue to option holders of shares in the Company; or
 - (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company; or
 - (iv) any adjustment, after the date of grant or issue of any options, rights to subscribe or other securities referred to above, in the price at which shares in the Company shall be subscribed, and/or in the number of shares in the Company which shall be subscribed, on exercise of relevant rights under such options, warrants or other securities, such adjustment being made in accordance with, or as contemplated by, the terms of such options, rights to subscribe or other securities; or
 - (v) a specified authority granted by the shareholders of the Company (the “**Shareholders**”) in general meeting,shall not exceed the aggregate of:
 - (aa) 20 per cent. of the aggregate number of issued shares of the Company at the date of passing of this Resolution; and
 - (bb) (if the Directors of the Company are so authorised by a separate ordinary resolution of the Shareholders) the number of any issued shares of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10 per cent. of the aggregate number of issued shares of the Company at the date of passing of this Resolution),

and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (d) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiry of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any other applicable laws of Bermuda to be held; or
- (iii) the revocation, variation or renewal of this Resolution by an ordinary resolution of the Shareholders in general meeting.

“Rights Issue” means an offer of shares in the Company, or an offer of warrants, options or other securities giving rights to subscribe for shares, open for a period fixed by the Directors of the Company to holders of shares in the Company on the registers of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject in all cases to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).

B. THAT:

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase its own shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, be and is hereby generally and unconditionally approved;
- (b) the aggregate number of issued shares of the Company to be repurchased by the Company pursuant to paragraph (a) above during the Relevant Period shall not exceed 10 per cent. of the aggregate number of issued shares of the Company at the date of passing of this Resolution and the authority pursuant to paragraph (a) above shall be limited accordingly; and
- (c) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the expiry of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any other applicable laws of Bermuda to be held; or
 - (iii) the revocation, variation or renewal of this Resolution by an ordinary resolution of the Shareholders in general meeting.
- C. **THAT**, conditional upon the passing of Resolution No. 6B, the general mandate granted to the Directors of the Company (pursuant to Resolution No. 6A or otherwise) and for the time being in force to exercise the powers of the Company to allot shares be and is hereby extended by the addition to the aggregate number of the issued Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to such general mandate of an amount representing the aggregate number of the issued shares of the Company repurchased by the Company under the authority granted by the resolution set out as Resolution No. 6B.
- D. (1) **THAT**, subject to and conditional upon the Stock Exchange granting the listing of and permission to deal in, the ordinary shares of HK\$1.00 each in the capital of the Company (or of such other nominal amount as may result from a sub-division, consolidation or reduction of the share capital of the Company from time to time) (the “**Shares**”) or any part thereof to be issued pursuant to the exercise of any options that may be granted under the share option scheme of the Company (the “**2020 Share Option Scheme**”), the terms of which are contained in the document marked “A” produced to the meeting and for the purpose of identification signed by the Chairman of the meeting, the 2020 Share Option Scheme be and is hereby approved and adopted as the new share option scheme of the Company and the Directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the 2020 Share Option Scheme, notwithstanding that they or any of them may be interested in the same including without limitation to:
 - (a) administer the 2020 Share Option Scheme under which options will be granted to participants eligible under the 2020 Share Option Scheme to subscribe for Shares;
 - (b) modify and/or amend the 2020 Share Option Scheme from time to time provided that such modification and/or amendment is/are effected in accordance with the terms and provisions of the 2020 Share Option Scheme in relation to modifications and/or amendments and the requirement of the Rules Governing the Listing of Securities on the Stock Exchange;

NOTICE OF ANNUAL GENERAL MEETING

- (c) issue and allot from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options granted under the 2020 Share Option Scheme provided that the total number of Shares which may be issued upon exercise of all options to be granted under the 2020 Share Option Scheme and any other share option schemes of the Company shall not exceed ten (10) per cent. of the issued share capital of the Company as at the date of passing this resolution (the “**Scheme Mandate Limit**”), with the acknowledgment that the Company may seek an approval from the Shareholders in general meeting to refresh the Scheme Mandate Limit from time to time but provided always that the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2020 Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed thirty (30) per cent. of the issued share capital of the Company from time to time; and
- (d) make application at the appropriate time or times to the Stock Exchange and any other stock exchanges upon which the issued Shares may be listed at the relevant time for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of options granted under the 2020 Share Option Scheme.
- (2) **THAT**, subject to and conditional upon the passing of the Resolution No.6D(1) above of which this resolution forms part and the condition referred to therein being satisfied or fulfilled, the existing share option scheme adopted by the Company on 5 May 2011 (the “**2011 Share Option Scheme**”) be and is hereby terminated with effect from the conclusion of this meeting such that thereafter no further options shall be offered under the 2011 Share Option Scheme but the options which had been granted, if any, during the life of the 2011 Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the 2011 Share Option Scheme shall remain in full force and effect.

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

Hong Kong, 16 April 2020

*Head Office and Principal Place
of Business in Hong Kong:*
25/F, Kerry Centre
683 King's Road
Quarry Bay
Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Every member entitled to attend and vote at the above meeting (or at any adjournment thereof) (the “**AGM**”) is entitled to appoint up to two individuals as his proxies. 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 holders of any share, any one of such persons may vote at the AGM, 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 AGM 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 will alone be entitled to vote in respect thereof.
3. 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 Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time appointed for holding the AGM. Completion and return of the form of proxy will not be preclude a member from attending the AGM and voting in person if he so wishes.
4. The registers of members of the Company (the “**Registers of Members**”) will be closed from Friday, 15 May 2020 to Wednesday, 20 May 2020, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged for registration with Tricor Abacus Limited at the above address not later than 4:30 p.m. on Thursday, 14 May 2020.
5. The Registers of Members will also be closed on Wednesday, 27 May 2020 and no transfer of shares will be effected on that date. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged for registration with Tricor Abacus Limited at the above address not later than 4:30 p.m. on Tuesday, 26 May 2020.
6. All the resolutions set out in this notice shall be decided by poll.