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Shui On Land Limited
瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 272)

CONTINUING CONNECTED TRANSACTIONS

Second Supplemental Agreement in relation to the Framework Lease Agreement

Reference is made to the announcement of the Company dated 4 September 2007 relating to the continuing connected transactions under the Framework Lease Agreement entered into between the Company and SOCL, whereby the Group and the SOCL Group may from time to time enter into contracts relating to the leasing, sub-leasing and licensing of the properties owned by the SOCL Group in Hong Kong and Shanghai, the PRC.

On 15 January 2010, the Company and SOCL entered into the Second Supplemental Agreement to extend the term of the Framework Lease Agreement for three years which shall end on 31 December 2012.

SOCL is the controlling shareholder of the Company. Therefore, SOCL is a connected person of the Company. Since the applicable percentage ratios (as defined in the Listing Rules) in respect of the Continuing Connected Transactions are more than 0.1% but less than 2.5%, the Continuing Connected Transactions are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE SECOND SUPPLEMENTAL AGREEMENT

Date

15 January 2010

Parties

- (1) the Company; and
- (2) SOCL

Principal Term

To extend the term of the Framework Lease Agreement for three years so that it shall end on 31 December 2012. The Framework Lease Agreement as amended by the Second Supplemental Agreement shall cover the three years ending on 31 December 2012.

ANNUAL CAPS

It is expected that the maximum aggregate annual amounts payable by the Group to the SOCL Group for the leasing, sub-leasing and licensing of the properties under the Framework Lease Agreement (as amended by the Second Supplemental Agreement) for the three financial years ending 31 December 2012 are as follows:

Annual Caps in respect of:	During the financial year ending 31 December		
	2010	2011	2012
(i) the properties in Shanghai, the PRC	RMB37 million	RMB39 million	RMB41 million
(ii) the properties in Hong Kong	HK\$3.8 million	HK\$4.0 million	HK\$4.2 million

In determining the new Annual Caps, the Directors of the Company have taken into account several factors including: (i) the estimated aggregate annual rent payable by the Group to the SOCL Group in relation to the leasing, sub-leasing and licensing of the properties in Shanghai, the PRC and Hong Kong for the three financial years ending 31 December 2012; (ii) the market rent of similar premises in the nearby area in Shanghai, the PRC and Hong Kong; (iii) the anticipated rental space of the Company; and (iv) the historical amounts paid under the Framework Lease Agreement during the period from 1 January 2007 to 31 December 2009 which are set out below.

Historical amounts paid under the Framework Lease Agreement during the period from 1 January 2007 to 31 December 2009:

Total rent paid by the Group to the SOCL Group in respect of:	During the financial year ended 31 December		
	2007	2008	2009
(i) the properties in Shanghai, the PRC	RMB22 million	RMB28 million	RMB33 million
(ii) the properties in Hong Kong	HK\$3 million	HK\$4 million	HK\$3.4 million

REASONS FOR ENTERING INTO THE SECOND SUPPLEMENTAL AGREEMENT

The rented properties have been used as offices and showrooms by the Group, and the Second Supplemental Agreement is concluded after arm's length negotiations upon normal commercial terms with reference to the prevailing market rates.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Second Supplemental Agreement (together with the Continuing Connected Transactions and the Annual Caps relating to the leasing, sub-leasing and licensing of the properties in Shanghai, the PRC and Hong Kong from the SOCL Group) are fair, reasonable and in line with the commercial objectives of the Group, and that the transactions are on normal commercial terms in the ordinary and usual course of business of the Company and in the interests of the Company and its Shareholders as a whole, and that it is beneficial to the Company to enter into the Second Supplemental Agreement.

IMPLICATIONS OF THE LISTING RULES

SOCL is the controlling shareholder of the Company. Therefore, SOCL is a connected person of the Company. Since the applicable percentage ratios (as defined in the Listing Rules) in respect of the Continuing Connected Transactions are more than 0.1% but less than 2.5%, the Continuing Connected Transactions are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

The Company, through its subsidiaries and associates, is one of the leading property developers in the PRC. It engages principally in the development, sale, leasing, management and long-term ownership of high-quality residential, office, retail, entertainment and cultural properties in the PRC.

The principal business activity of SOCL is investment holding.

DEFINITIONS

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

“Annual Cap(s)”	the maximum aggregate annual rent payable by the Group to the SOCL Group for the Continuing Connected Transactions;
“associate”, “connected person”, “controlling shareholder”	each has the meaning ascribed to it in the Listing Rules;
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands whose shares are listed on The Stock Exchange of Hong Kong Limited;
“Continuing Connected Transactions”	continuing connected transactions to be entered into between the Group and the SOCL Group in relation to the leasing, sub-leasing or licensing of properties by the Group from the SOCL Group in accordance with the Framework Lease Agreement as supplemented by the Second Supplemental Agreement;
“Directors”	the directors of the Company;
“First Supplemental Agreement”	the supplemental framework lease agreement dated 4 September 2007 entered into between the Company and SOCL and supplements the framework lease agreement dated 30 May 2006;
“Framework Lease Agreement”	the framework lease agreement dated 30 May 2006 (as amended by the First Supplemental Agreement) entered into between the Company and SOCL with a term expired on 1 January 2010;

“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan area;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Supplemental Agreement”	the second supplemental framework lease agreement dated 15 January 2010 entered into between the Company and SOCL and supplements the Framework Lease Agreement;
“Shareholders”	holders of shares of the Company;
“SOCL”	Shui On Company Limited, a company incorporated in the British Virgin Islands with limited liability; and
“SOCL Group”	SOCL and its subsidiaries (excluding the Group).

By Order of the Board
Shui On Land Limited
Vincent H. S. LO
Chairman

Hong Kong, 15 January 2010

At the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman and Chief Executive Officer), Mr. Daniel Y. K. WAN and Mr. Louis H. W. WONG; the non-executive director of the Company is The Honourable LEUNG Chun Ying; and the independent non-executive directors of the Company are Sir John R. H. BOND, Dr. Edgar W. K. CHENG, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY and Mr. David J. SHAW.

** for identification purposes only*