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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)

CONNECTED TRANSACTION
ACQUISITION OF SHANGHAI RUI HONG XIN CHENG PHASE I

The Board is pleased to announce that on 26 February 2008, Foresight, an indirect wholly-owned subsidiary of the Company, has entered into the Agreement with Smithton, an indirect wholly-owned subsidiary of SOCL, whereby Foresight shall acquire from Smithton its entire interest in Silomax, being 100% of the issued share capital of Silomax and the Loan in the amount of approximately HK\$147.0 million, for a cash consideration of approximately HK\$152.7 million (subject to adjustment). Silomax is the indirect owner of the project company holding Shanghai RHXC Phase I.

As SOCL is interested in approximately 54.15% of the issued share capital of the Company and Smithton is an indirect wholly-owned subsidiary of SOCL, SOCL and Smithton are connected persons of the Company and accordingly the Acquisition constitutes a connected transaction of the Company under the Listing Rules. Since each of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules is less than 2.5%, the Acquisition is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements.

AGREEMENT

Date:

26 February 2008

Parties:

- (1) Foresight, an indirect wholly-owned subsidiary of the Company, as the purchaser; and
- (2) Smithton, an indirect wholly-owned subsidiary of SOCL, as the seller.

Subject:

Foresight will acquire from Smithton its entire interest in Silomax, being 100% of the issued share capital of Silomax and the Loan in the amount of approximately HK\$147.0 million. Silomax is the indirect owner of the project company holding Shanghai RHXC Phase I.

The unaudited consolidated net asset value of Silomax as at 31 December 2007 was approximately HK\$5.7 million. The unaudited consolidated profits before and after taxation and extraordinary items of Silomax for the year ended 31 December 2006 were HK\$0.9 million and HK\$0.9 million respectively. The unaudited consolidated profits before and after taxation and extraordinary items of Silomax for the year ended 31 December 2007 were HK\$63.2 million and HK\$63.2 million respectively.

Consideration:

Foresight shall pay to Smithton the Consideration in the amount of approximately HK\$152.7 million (subject to adjustment) in cash.

On the signing of the Agreement, Foresight has paid to Smithton the first instalment of the Consideration in the amount of approximately HK\$15.3 million, representing 10% of the entire Consideration. The balance of the Consideration in the amount of approximately HK\$137.4 million will be paid on completion of the Acquisition or such other date as mutually agreed by Foresight and Smithton.

On or before 30 June 2008, Smithton shall prepare and deliver to Foresight an audited balance sheet of Silomax as at 31 December 2007. If the sum of the audited net asset value of Silomax and the audited amount of the Loan as at 31 December 2007 is less than the Consideration, Smithton will repay to Foresight an amount equal to the difference between: (a) the sum of such audited net asset value and audited amount of the Loan, and (b) the Consideration. On the other hand, if the sum of the audited

net asset value of Silomax and the audited amount of the Loan as at 31 December 2007 is more than the Consideration, Foresight will pay to Smithton an additional amount equal to the difference between: (a) the sum of such audited net asset value and audited amount of the Loan, and (b) the Consideration. Based on the information currently available to the Group, the Company expects that there will not be a material adjustment to the Consideration. In the event that any of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules would become more than 2.5% after such adjustment, the Company will re-comply with the announcement and independent shareholders' requirements under Chapter 14A of the Listing Rules.

Subject to completion of the Agreement, all profits or losses of Silomax arising on or after 31 December 2007 shall be attributable to Foresight.

The Consideration was determined based on arm's length negotiation between the parties with reference to the amount of the Loan on a dollar for dollar basis, the unaudited consolidated net asset value of Silomax in the amount of approximately HK\$5.7 million as at 31 December 2007, and the value of Shanghai RHXC Phase I appraised by an independent valuer as at 31 December 2007 in the amount of RMB107.0 million based on market comparables and depreciated replacement cost of Shanghai RHXC Phase I.

The Consideration will be funded by internal resources of the Company.

Condition:

The Agreement is conditional upon the release of this announcement.

Completion:

Completion of the Acquisition under the Agreement will take place on a business day no later than 45 days after signing of the Agreement, or such later date as agreed by the parties.

REASONS FOR THE TRANSACTION

Shanghai RHXC is an integrated residential development project located in the Hong Kou District in Shanghai, the PRC, which is being developed by the Group in various phases and is also one of the major investment and development projects of the Group in Shanghai. The Group owns all 10 out of the 11 plots constituting the entire Shanghai RHXC development. The remaining plot, i.e. Shanghai RHXC Phase I, is held by 上海瑞城房地產有限公司 (Shanghai Ruichen Property Co., Ltd.), which in

turn is indirectly wholly-owned by Smithton. Smithton is an indirect wholly-owned subsidiary of SOCL, the ultimate holding company of the Group. As at the date of the announcement, the development costs of Shanghai RHXC Phase I incurred by SOCL and its subsidiaries were approximately HK\$104.7 million.

Shanghai RHXC Phase I forms an integral part of the entire Shanghai RHXC development. Following the completion of the Acquisition, the Group will control the entire Shanghai RHXC development. This in turn will enable the Group to better manage and plan for the entire development which could further enhance the overall branding and value of Shanghai RHXC. In addition, the commercial value of the retail podium in Shanghai RHXC Phase I is expected to increase along with the improvement of the transportation facilities around Shanghai RHXC and the completion of other phases of Shanghai RHXC. After completion of the Acquisition, the clubhouse in Shanghai RHXC Phase I will also provide additional recreational facilities to residents of future phases of Shanghai RHXC, which may facilitate the future sales of the residential units in other phases of Shanghai RHXC.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are fair and reasonable, and that the Acquisition is on normal commercial terms and in the best interests of the Company and its Shareholders as a whole.

IMPLICATIONS OF THE LISTING RULES

As SOCL is interested in approximately 54.15% of the issued share capital of the Company and Smithton is an indirect wholly-owned subsidiary of SOCL, SOCL and Smithton are connected persons of the Company and accordingly the Acquisition constitutes a connected transaction of the Company under the Listing Rules. Since each of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules is less than 2.5%, the Acquisition is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements.

GENERAL INFORMATION

The Company through its subsidiaries and associates is one of the leading property developers in the PRC. The Group 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 Smithton is investment holding.

DEFINITIONS

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

“Acquisition”	the purchase of 100% of the issued share capital of Silomax and the Loan contemplated under the Agreement;
“Agreement”	the agreement entered into by Foresight and Smithton on 26 February 2008 in relation to the sale and purchase of 100% of the issued share capital of Silomax and the assignment of the Loan;
“Board”	board of Directors;
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange;
“connected person”, “subsidiary”, “substantial shareholder”	each has the meaning ascribed to it in the Listing Rules;
“Consideration”	the cash consideration payable under the Agreement in the amount of approximately HK\$152.7 million (subject to adjustment as set out in this announcement);
“Directors”	the directors of the Company;
“Foresight”	Foresight Profits Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Loan”	the unsecured and non-interest bearing loan repayable on demand owing by Silomax to Smithton upon completion of the Acquisition, and in the amount of approximately HK\$147.0 million at the date of this announcement;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shanghai RHXC”	Shanghai Rui Hong Xin Cheng, also known as Shanghai Rainbow City, an integrated residential development project located in Linping Road, Hong Kou District in Shanghai, PRC;
“Shanghai RHXC Phase I”	various portions of phase I of Shanghai RHXC located in Site no. 5, 333 Linping Road, Hong Kou District, Shanghai, PRC, comprising a 2-storey plus a 1-level basement retail podium, kindergarten, clubhouse, management office, store room, reserved area and basement bicycle parking area;
“Shareholders”	holders of shares in the ordinary share capital of the Company;
“Silomax”	Silomax Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Smithton;
“Smithton”	Smithton Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of SOCL;
“SOCL”	Shui On Company Limited, a company incorporated in the British Virgin Islands with limited liability and the ultimate holding company of the Group; and

“Stock Exchange”

The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 26 February 2008

At the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman and Chief Executive Officer) and Mr. William T. ADDISON; 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*