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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

SITE FORMATION AGREEMENT FOR DALIAN TIANDI • SOFTWARE HUB

The Board announces that on 13 May 2008, Dalian Shui On (a subsidiary of the Company for the purposes of the Listing Rules) has entered into the Site Formation Agreement with Dalian Yida (a member of the Yida Group) whereby Dalian Yida has agreed to perform site formation works for the Land for a contract sum of approximately RMB7.5 million (equivalent to approximately HK\$8.3 million).

As Yida (through its wholly-owned subsidiary) is a substantial shareholder of Dalian Offshore JV, a subsidiary of the Company for the purposes of the Listing Rules, Yida and Dalian Yida are connected persons of the Company. Accordingly, the transaction contemplated under the Site Formation Agreement constitutes a connected transaction of the Company.

The applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules for the contract sum under the Site Formation Agreement will exceed 0.1% but will be less than 2.5%. Accordingly, the transaction contemplated under the Site Formation Agreement is subject to the reporting and announcement requirements under the Listing Rules.

SITE FORMATION AGREEMENT

Date:

13 May 2008

Parties:

- (1) Dalian Shui On; and
- (2) Dalian Yida.

Subject:

Dalian Yida has agreed to perform site formation works for the Land for a contract sum of approximately RMB7.5 million (equivalent to approximately HK\$8.3 million). Such contract sum may be adjusted in accordance with the provisions in the Site Formation Agreement as a result of certain unforeseeable works relating to the site formation works. Based on the information currently available to the Group, the Company expects that there will not be a material adjustment to the contract sum. 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' approval requirements under Chapter 14A of the Listing Rules. The site formation works include clearance of the construction site and removal of the construction garbage, and setting up drainage system. It is expected that the work will be completed in June 2008, subject to any extension to which Dalian Yida may be entitled under the Site Formation Agreement. Pursuant to the Site Formation Agreement, Dalian Shui On will pay the contract sum to Dalian Yida in stages on a monthly basis with reference to the progress of the site formation works completed.

The fee for the site formation works under the Site Formation Agreement was determined based on arm's length negotiations between the parties through a tender process, and with reference to the market comparables for providing similar site formation works with similar site area. Such fee will be funded by internal resources of Dalian Shui On.

REASONS FOR THE TRANSACTION

Dalian Yida is experienced in conducting site formation works in the PRC, and it is also familiar with the local ground condition in Dalian. Accordingly, the Site Formation Agreement will enable Dalian Shui On to utilise Dalian Yida's expertise

and experience in conducting site formation works for project developments, and also enable Dalian Shui On to focus on the overall planning and management of the development of Dalian Tiandi ● Software Hub, a project development in the PRC in which the Company has an attributable interest of 48%.

The Directors (including the independent non-executive Directors) consider that the terms of the Site Formation Agreement are fair and reasonable and on normal commercial terms, and that the transaction contemplated under the Site Formation Agreement is in the best interests of the Company and its shareholders as a whole.

IMPLICATIONS OF THE LISTING RULES

As Yida (through its wholly-owned subsidiary) is a substantial shareholder of Dalian Offshore JV, a subsidiary of the Company for the purposes of the Listing Rules, Yida and Dalian Yida are connected persons of the Company. Accordingly, the transaction contemplated under the Site Formation Agreement constitutes a connected transaction of the Company.

The applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules for the fee payable under the Site Formation Agreement will exceed 0.1% but will be less than 2.5%. Accordingly, the transaction contemplated under the Site Formation Agreement is subject to the reporting and announcement requirements under the Listing Rules.

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 Yida Group is a conglomerate with interests in property development, construction and furnishing, equipment manufacturing, software park development, platform development for software and information services, and professional training and education. Other than being a joint venture partner for the property development project of Dalian Tiandi ● Software Hub, to the best knowledge and belief of the Directors having made all reasonable enquiries, the Yida Group has no other relationship with the Group.

DEFINITIONS

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

“Board”	the 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(s)”, “subsidiary”, “substantial shareholder”	each has the meaning ascribed to it in the Listing Rules;
“Dalian Offshore JV”	Richcoast Group Limited, a company incorporated in the British Virgin Islands held as to 61.54%, 28.20% and 10.26% by the Group, the SOCAM Group and the Yida Group respectively;
“Dalian Shui On”	大連軟件園瑞安開發有限公司 (Dalian Software Park Shui On Kaifa Co., Ltd.*), a company incorporated in the PRC held as to 78% of its equity interest indirectly by Dalian Offshore JV, and a subsidiary of the Company for the purposes of the Listing Rules;
“Dalian Yida”	大連億達建築工程有限公司 (Dalian Yida Building Engineering Co., Ltd.*), a company incorporated in the PRC and a subsidiary of Yida;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Land”	Lots D10, D14 and D22 of Phase 1 (Site C) of the land area constituting part of Dalian Tiandi • Software Hub (previously known as Dalian Software Park Phase II);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“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;
“Site Formation Agreement”	the agreement entered into between Dalian Shui On and Dalian Yida on 13 May 2008 in relation to the site formation works on the Land;
“SOCAM Group”	Shui On Construction and Materials Limited (a company incorporated in Bermuda whose securities are listed on the Stock Exchange (Stock code: 983)) and its subsidiaries;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Yida”	Yida Group Company Limited, a limited liability company incorporated in the PRC; and
“Yida Group”	Yida and its subsidiaries.

Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is translated into HK\$ at the rate of HK\$1.00 = RMB0.9. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates or at all.

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

Hong Kong, 13 May 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*