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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 — FINANCIAL ASSISTANCE

This announcement is made pursuant to Rule 14A.56 of the Listing Rules in connection with the provision of financial assistance by the Company to Shanghai Yangpu under the Guarantee and the Deposit in relation to a proportion of the loan of RMB875,000,000 granted to Shanghai Yangpu under the Loan Agreement, equal to the 70 per cent equity interest of the Group in Shanghai Yangpu.

Shanghai Yangpu KIZ is a substantial shareholder of Shanghai Yangpu (a subsidiary of the Company) and hence a connected person of the Company within the meaning of the Listing Rules. Bright Continental and Shanghai Yangpu KIZ are both shareholders of Shanghai Yangpu, whose equity capital is held as to 70% by Bright Continental and as to 30% by Shanghai Yangpu KIZ. As Shanghai Yangpu is an associate of Shanghai Yangpu KIZ, it is also a connected person of the Company within the meaning of the Listing Rules.

The financial assistance provided by the Company to Shanghai Yangpu by way of provision of the Guarantee in relation to 70% of the principal amount (plus interest) of the loan of RMB875,000,000 granted to Shanghai Yangpu under the Loan Agreement, together with the Deposit as security for the Company's obligations under the Guarantee, constitute a connected transaction for the Company under Rule 14A.13(3) of the Listing Rules.

As the total value represented by the amount of the Guarantee and the Deposit exceeds HK\$10,000,000, the provision of the financial assistance thereunder is subject to the approval of independent shareholders of the Company under Rules 14A.52 to 14A.54 of the Listing Rules, as well as the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

An application has been made by the Company to the Stock Exchange for a waiver of the requirement for the Company to hold a shareholders' meeting in accordance with Rule 14A.43 of the Listing Rules, on the basis that the provision of financial assistance under the Guarantee and the Deposit has been approved by a written approval of Shui On Investment Company Limited, Shui On Properties Limited and New Rainbow Investments Limited, a closely allied group of shareholders all being subsidiaries of Shui On Company Limited and holding 563,713,901 Shares, 940,000,000 Shares and 746,695,324 Shares respectively, together representing approximately 53.77 per cent of the Company's total issued share capital.

PROVISION OF FINANCIAL ASSISTANCE

The Board wishes to announce that the Company and Shui On Development have entered into the Guarantee in favour of HSBC to secure 70% of the principal amount and interest payable under the loan of RMB875,000,000 granted to Shanghai Yangpu under the Loan Agreement. The Company has also made the Deposit with HSBC to secure its obligations under the Guarantee. The other shareholder of Shanghai Yangpu, Shanghai Yangpu KIZ, has granted a guarantee in favour of HSBC to secure 30% of the principal amount and interest under the same loan.

The loan bears interest at the 6-month RMB Base Lending Rate stipulated by the People's Bank of China and is repayable on 30 March 2007.

The loan of RMB875,000,000 under the Loan Agreement is secured by the Guarantee, the Deposit and the guarantee granted by Shanghai Yangpu KIZ. The Guarantee and the Deposit will last for a period equivalent to the term of the loan under the Loan Agreement.

REASONS FOR THE TRANSACTION

Shanghai Yangpu is a subsidiary of the Company and a project company engaged in the development of the Company's Shanghai Knowledge and Innovation Community project in Shanghai's Yangpu District. The Company's 70% equity interest in Shanghai Yangpu was acquired from Shui On Company Limited in the remaining 30% equity interest is held by Shanghai Yangpu KIZ, an entity affiliated with the Yangpu District Government.

In December 2004, Shanghai Yangpu entered into an entrusted loan agreement with the Shanghai Enterprise Annuity Fund Development Centre as entrustor, and Pudong Development Bank as lender. Of the facility of RMB1.5 billion granted to Shanghai Yangpu, RMB875,000,000 was drawn down for the development of the Shanghai Knowledge and Innovation Community project, a city-core development project located adjacent to numerous major universities and colleges in the Yangpu district, northeast of downtown Shanghai. The project comprises restoration of the Jiangwan Sports Stadium and construction of offices, residential and commercial buildings. It is expected to be completed in 2010.

The Shanghai Enterprise Annuity Fund Development Centre is an enterprise under the Shanghai Municipal Labour and Social Security Bureau ("SSB"). According to press reports, an investigation has been commenced by the PRC authorities into the affairs of the SSB, including loans made to property developers, potentially including the entrustment loan to Shanghai Yangpu.

Although the Company is not aware of any investigation in relation to the entrustment loan to Shanghai Yangpu, the Board concluded that it would be advisable to refinance that entrustment loan, by taking out the loan under the Loan Agreement and repaying the amount outstanding to the Pudong Development Bank.

The principal business of the Group is property development in the PRC, including the development, sale, leasing, management and long-term ownership of high quality residential, office, retail, entertainment and cultural properties. The Group's large-scale integrated property projects are based on master plans developed in conjunction with the local governments, and are characterised by the redevelopment and transformation of the neighbourhoods and communities of the cities in which they are located.

The principal business of Shanghai Yangpu KIZ is an investment holding company holding the 30% equity interest in Shanghai Yangpu on behalf of the Yangpu District Government.

CONNECTED TRANSACTION

Shanghai Yangpu KIZ is a substantial shareholder of Shanghai Yangpu, a subsidiary of the Company and hence is a connected person of the Company within the meaning of the Listing Rules. As Shanghai Yangpu KIZ holds 30% of the equity interest of Shanghai Yangpu and has the right to appoint directors to the board of Shanghai Yangpu, Shanghai Yangpu is an associate of a connected person and hence itself is also a connected person of the Company within the meaning of the Listing Rules.

The financial assistance provided by the Company to Shanghai Yangpu by way of the provision of the Guarantee and the Deposit constituted a connected transaction for the Company under Rule 14A.13(3) of the Listing Rules.

The Guarantee and the Deposit are on normal commercial terms but the total value of the financial assistance exceeds HK\$10,000,000. Hence, the provision of the financial assistance is subject to the reporting, announcement and independent shareholders' approval requirements in Rules 14A.45 to 14A.47 and 14A.49 to 14A.54 of the Listing Rules.

INDEPENDENT SHAREHOLDERS APPROVAL

The provision of the financial assistance has been approved by written approval of Shui On Investment Company Limited, Shui On Properties Limited and New Rainbow Investments Limited, a closely allied group of shareholders all being subsidiaries of Shui On Company Limited and the holders of 563,713,901 Shares, 940,000,000 Shares and 746,695,324 Shares respectively, together representing approximately 53.77% of the Company's issued share capital carrying the right to attend and vote at general meetings of the Company.

No shareholder of the Company would be required to abstain from voting if the Company were to convene a general meeting for the approval of the connected transaction represented by the provision of the Guarantee and the Deposit.

Accordingly, an application has been made to the Stock Exchange for a waiver of the obligation to hold a general meeting in accordance with Rule 14A.43 of the Listing Rules.

CIRCULAR TO SHAREHOLDERS

A circular complying with Rules 14A.58 to 14A.62, containing the views of the independent board committee and a letter from an independent adviser containing its advice to the independent board committee and shareholders on the granting of the Guarantee and Deposit, will be sent to shareholders of the Company and published in accordance with Chapter 2 of the Listing Rules as soon as practicable.

DEFINITIONS

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

"associate"	has the meaning ascribed to it in the Listing Rules;
"Board"	the board of directors of the Company;
"Bright Continental"	Bright Continental Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company;
"Company"	Shui On Land Limited, a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange;
"connected person"	has the meaning ascribed to it in the Listing Rules;
"Deposit"	the deposit of HK\$622,500,000 made by the Company with HSBC as security for the Company's obligations under the Guarantee;
"Group"	the Company and its subsidiaries;
"Guarantee"	the joint and several guarantee entered into by the Company and Shui On Development in favour of HSBC for securing 70% of the obligations of Shanghai Yangpu under the Loan Agreement;
"HK\$" / "Hong Kong" / "HSBC"	Hong Kong dollars, the lawful currency of Hong Kong; the Hong Kong Special Administrative Region of the PRC; The Hong Kong and Shanghai Banking Corporation Limited (Hong Kong office);
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Loan Agreement"	the loan agreement dated 8 December 2006 between HSBC and Shanghai Yangpu in relation to the loan in the principal amount of RMB875,000,000 granted to Shanghai Yangpu;
"PRC" / "RMB" / "Shanghai Yangpu"	the People's Republic of China; Renminbi, the lawful currency of the PRC; Shanghai Yangpu Centre Development Co., Ltd., a company incorporated in the PRC and a non-wholly owned subsidiary of the Company;
"Shanghai Yangpu KIZ"	Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd. (formerly known as Shanghai Yangpu University Town Investment and Development Co., Ltd.), a company incorporated in the PRC;
"Shares"	ordinary shares of nominal value US\$0.0025 each in the capital of the Company;
"Shui On Development"	Shui On Development (Holding) Limited, a company incorporated in the Cayman Islands and a wholly-owned subsidiary of the Company;
"Stock Exchange"	the Stock Exchange of Hong Kong Limited;
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules;
"US\$" / "United States of America"	United States dollars, the lawful currency of the United States of America.

By order of the Board
Lo Hong Sui, Vincent
Chairman

Hong Kong, 21 December 2006

As at the date of this announcement, the directors of the Company are Mr. Lo Hong Sui, Vincent, Mr. Wong Ying Wai, Wilfred, Mr. Addison, William Timothy, Sir John Reginald Harnell Bond**, The Honourable Leung Chun Ying**, Dr. Cheng Wai Kin, Edgar**, Dr. Fung Kwok Lun, William**, Professor Biddle, Gary Clark**, Dr. McCarthy, Roger Lee** and Mr. Shaw, David John**.

* for identification purposes only

** Independent non-executive director