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### **DISCLOSEABLE TRANSACTION:**

- (1) Disposal of a 25% interest in Fieldcity Investments Limited**
- (2) Disposal of a 49% interest in Portspin Limited**

The Board is pleased to announce that SOD, a wholly owned subsidiary of the Company, has entered into a series of transactions to dispose of certain equity interests in three of its subsidiaries, namely SHL, Fieldcity and Portspin, pursuant to the following agreements:

1. a sale and purchase agreement dated 1 September 2006 between SOD and WCL relating to the sale and purchase of 9.9% of the issued capital of SHL;
2. a sale and purchase agreement dated 29 June 2007 between SOD and Trophy relating to the sale and purchase of 25% of the issued capital of Fieldcity; and
3. a sale and purchase agreement dated 29 June 2007 between SOD and Trophy relating to the sale and purchase of 49% of the issued capital of Portspin.

Each of the Sale Transactions by itself does not constitute a discloseable transaction under the Listing Rules. However, the Sale Transactions, when aggregated, constitute a discloseable transaction for the Company under the Listing Rules. A circular containing information with respect to the Sale Transactions will be despatched to Shareholders as soon as reasonably practicable.

## 1. THE SALE AND PURCHASE AGREEMENTS

### A. The Chongqing Sale and Purchase Agreement

Date: 1 September 2006

Parties: SOD (as vendor)  
Winnington Capital Limited (as purchaser)

#### *(a) Principal Terms*

As disclosed in the Company's prospectus dated 20 September 2006, SOD entered into an agreement with WCL for the sale by SOD, and the acquisition by WCL, of 99 ordinary shares in SHL, representing 9.9% of the issued share capital of SHL. Following completion, the current shareholders of SHL are WCL (as to 9.9%), Ocean Equity Holdings Limited (as to 9.9%) and SOD (as to 80.2%). SHL continues to be a subsidiary of SOD and the Company.

SHL is a company incorporated under the laws of the BVI and was prior to the sale, a wholly owned subsidiary of SOD. The major asset of SHL and its subsidiaries is the Chongqing Land which SHL indirectly owns through (i) Grand Hope Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of SHL; and (ii) CSO which is 99% owned by Grand Hope Limited and the registered owner of the Chongqing Land.

WCL is a company incorporated in Hong Kong. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, WCL and its ultimate beneficial shareholders are independent third parties.

#### *(b) Consideration*

The aggregate consideration for the Chongqing Transaction is RMB 503,381,555.

The Chongqing Transaction was negotiated and entered into on an arm's length basis and on normal commercial terms. As disclosed in the Company's prospectus, the consideration was benchmarked against the valuation of the underlying properties in the amount of RMB 5,417 million as at 30 June 2006 held under SHL and the cost recorded on the books of SHL.

The consideration is payable in cash in USD over three instalments in the amounts indicated below:

<u>Date</u>	<u>Instalment Amount (RMB)</u>
On Closing	196,714,949.48
22 December 2006	155,652,139.52
On or before 30 June 2007	151,014,466
<b>Total</b>	<b>503,381,555</b>

*(c) Closing*

The closing of the Chongqing Transaction took place on 15 November 2006, upon the satisfaction of the condition precedents stated under the Chongqing Sale and Purchase Agreement.

**B. The Wuhan Sale and Purchase Agreement**

Date: 29 June 2007

Parties: SOD (as vendor)  
Trophy (as purchaser)

*(a) Principal Terms*

SOD entered into an agreement with Trophy for the sale by SOD, and the acquisition by Trophy, of (i) 25 ordinary shares in Fieldcity, representing 25% of the issued share capital of Fieldcity; and (ii) the Wuhan Shareholder Loans in an amount of US\$98,095,696. Following completion, SOD will own 75% of the issued share capital of Fieldcity, which will continue to be a subsidiary of SOD and the Company.

Fieldcity is a company incorporated under the laws of the BVI and was prior to the sale, a wholly owned subsidiary of SOD. The major asset of Super Field and its subsidiaries is the Wuhan Land which Fieldcity indirectly owns through (i) Super Field Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of Fieldcity; and (ii) WSO, a wholly owned subsidiary of Super Field and the registered owner of the Wuhan Land.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Trophy, WCL and its ultimate beneficial shareholders are independent third parties.

*(b) Consideration*

The aggregate consideration for the Wuhan Transaction is RMB 1,245 million.

The Wuhan Transaction was negotiated and entered into on an arm's length basis and on normal commercial terms. The consideration was determined following negotiations, and is based on the valuation of the Wuhan Land at approximately RMB 4,730 million as at 30 June 2006, the addition of a 20% premium on top of such valuation, and on the basis that SOD will bear approximately RMB 2,690 million of the land grant fees related to the Wuhan Land with Trophy and SOD sharing the remaining unpaid land grant fees in the amount of RMB 700 million in accordance with the respective shareholding proportions at completion.

The consideration is payable in cash in USD over five instalments in the approximate amounts indicated below:

<u>Date</u>	<u>Instalment Amount (RMB)</u>
On Signing	62,250,000
On or before 15 October 2007	249,000,000
On or before 15 March 2008	249,000,000
On or before 15 July 2008	373,500,000
On or before 15 October 2008	311,250,000
<b>Total</b>	<b>1,245,000,000</b>

*(c) Closing*

The closing of the Wuhan Transaction shall take place on immediately upon the finalisation and execution of a share charge to be entered into between SOD and WCL pursuant to which WCL will grant a charge over its shares in SHL as security for Trophy's obligations under the Wuhan Sale and Purchase Agreement or such other date as agreed by the parties.

C. The Lot 116 Sale and Purchase Agreement

Date: 29 June 2007

Parties: SOD (as vendor)  
Trophy (as purchaser)

*(a) Principal Terms*

SOD entered into an agreement with Trophy for the sale by SOD, and the acquisition by Trophy, of 49 ordinary shares in Portspin, representing 49% of the issued share capital of Portspin. Following completion, SOD will own 51% of the issued share capital of Portspin, which will become a jointly controlled entity of the Company.

Portspin is a company incorporated under the laws of the BVI and was prior to the sale, a wholly owned subsidiary of SOD. The major asset of Portspin and its subsidiaries is the right to the Lot 116 Land which Portspin indirectly owns through Legend City Limited, a company incorporated under the laws of Hong Kong. Legend City owns 98% of the land use rights to the Lot 116 with the remaining 2% being owned by an independent third party. It is expected that the land use rights to the Lot 116 Land will in due course be transferred to a joint venture company to be established under the laws of the PRC (the *Lot 116 Project Company*).

Under the Land Use Right Grant Contract dated 19 July 1997 (the “Land Use Right Contract”), 98% of the land use rights to the Lot 116 Land has been granted by Shanghai Municipal Housing, Land and Resources Administration Bureau to Legend City and 2% of the land use rights to the Lot 116 Land has been granted to Shanghai Fuxing Construction Development Company (上海復興建設發展總公司) (the Grantees). Shanghai Fuxing Construction Development Company is an independent third party. According to the Land Use Right Contract, the Grantees may set up a joint venture project company to develop the Lot 116 Land. The current intention to transfer the rights to the Lot 116 Land to a joint venture company is simply to follow the provision set out in the Land Use Right Contract. The intended shareholding of the joint venture company is currently intended to be 98% owned by Legend City and 2% owned by Shanghai Fuxing Construction Development Company pursuant to the Land Use Right Contract.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, Trophy, WCL and its ultimate beneficial shareholders are independent third parties.

*(b) Consideration*

The aggregate consideration for the Lot 116 Transaction is RMB 363,915,691.

The Lot 116 Transaction was negotiated and entered into on an arm’s length basis and on normal commercial terms. The consideration was determined following negotiations, and is based on the valuation of the Lot 116 Land at approximately RMB 1,936 million as at 30 June 2006 (on the assumption that the land use rights to the Lot 116 Land had been fully obtained) and on the basis that SOD and Trophy will bear the estimated relocation costs associated with the Lot 116 Land (which are not ascertained at the time of the proposed transaction) in proportion to their equity interest.

The consideration is payable in cash in USD over three instalments in the approximate amounts indicated below:

<u>Date</u>	<u>Instalment Amount (RMB)</u>
On Signing	18,195,785
On or before 15 October 2007	181,957,845
On or before 15 March 2008	163,762,061
<b>Total</b>	<b>363,915,691</b>

*(c) Closing*

The closing of the Lot 116 Transaction shall take place immediately upon the finalisation and execution of a share charge to be entered into between SOD and WCL pursuant to which WCL will grant a charge over its shares in SHL as security for Trophy's obligations under the Lot 116 Sale and Purchase Agreement or such other date as agreed by the parties.

## **2. THE SHAREHOLDERS AGREEMENTS**

The parties to each of the Chongqing Sale and Purchase Agreement, the Wuhan Sale and Purchase Agreement and the Lot 116 Sale and Purchase Agreement have entered into separate shareholders agreements to govern their relationships as shareholders of the respective Target Companies following the completion of the Sale Transactions.

### **A. Chongqing Shareholders Agreement**

The Chongqing Shareholders Agreement was entered into on 9 September 2006 between SOD, WCL, Ocean Equity Holdings Limited (an existing shareholder of SHL) and SHL. Under the Chongqing Shareholders Agreement (amongst other things):

- (a) each shareholder of SHL has the right to appoint one director for every 8% of the shares in issue of SHL held by such shareholder; and
- (b) the consent of all shareholders of SHL is required for certain specified matters outside the ordinary course of business. These matters include the carrying on of any business outside the scope of the existing business of SHL, any change to the share capital of SHL or its subsidiaries, any alteration of the memorandum and articles of association of SHL or its subsidiaries, etc.

### **B. Wuhan Shareholders Agreement**

The Wuhan Shareholders Agreement was entered into on 29 June 2007 between SOD, Trophy and Fieldcity. Under the Wuhan Shareholders Agreement (amongst other things):

- (a) each shareholder of Fieldcity has the right to appoint one director for every whole 25% of the shares in issue of Fieldcity held by such shareholder;
- (b) the approval of all shareholders of Fieldcity is required for certain matters including altering the memorandum and/or articles or other constitutional documents of any member of Fieldcity or its subsidiaries, or materially changing the nature or scope of the business; and
- (c) SOD and Trophy shall contribute to the funding needs of WSO with respect to the outstanding land grant fees payable with respect to the Wuhan Land in the amount of RMB 700 million by providing loans in the amounts of RMB 525 million and RMB 175 million respectively to WSO. Such loans are in proportion to SOD and Trophy's equity interest in Fieldcity at completion and would be on commercial lending terms customary in Hong Kong.

### C. Lot 116 Shareholders Agreement

The Lot 116 Shareholders Agreement was entered into on 29 June 2007 between SOD, Trophy and Portspin. Under the Lot 116 Shareholders Agreement (amongst other things):

- (a) each shareholder of Portspin has the right to appoint one director for every whole 25% of the shares in issue of Portspin held by such shareholder provided that for so long as Trophy holds 49% of the share of Portspin, Trophy shall be entitled to appoint 2 directors; and
- (b) the approval of all shareholders of Portspin is required for the certain matters including altering the memorandum and/or articles or other constitutional documents of any member of Portspin or its subsidiaries, or materially changing the nature or scope of the business.

### 3. FINANCIAL INFORMATION ON SHL, FIELDCITY AND PORTSPIN

#### *SHL*

Based on the unaudited consolidated financial statements of SHL for the year ended 31 December 2006, SHL had a consolidated net book asset value of RMB 2,034 million. Based on the unaudited consolidated financial statements of SHL for the years ended 31 December 2005 and 2006, the consolidated net profit of SHL before taxation and extraordinary items for the year ended 31 December 2005 was RMB 1,182,490 and the consolidated net loss before taxation and extraordinary items for the year ended 31 December 2006 was RMB 12,552,547, and the consolidated net loss of SHL after taxation and extraordinary items for those years were RMB 2,560,478 and RMB 6,407,976 respectively.

The Company recorded a gain of approximately RMB 292 million from the Chongqing Transaction. The gain is derived by deducting the fair value adjustment of RMB 9 million at initial recognition in respect of the consideration due on 30 June 2007 and the pro rata consolidated net asset value of SHL of approximately RMB 202 million as of 15 November 2006 from the consideration receivable for the Chongqing Transaction.

#### *Fieldcity*

Based on the unaudited consolidated financial statements of Fieldcity for the year ended 31 December 2006, Fieldcity had a consolidated net book asset value of RMB 38,825,120. Based on the unaudited consolidated financial statements of Fieldcity for the years ended 31 December 2005 and 2006, the consolidated net loss of Fieldcity before taxation and extraordinary items for those years were RMB 3,233,051 and RMB 13,522,050 respectively, and the net loss of Fieldcity after taxation and extraordinary items for those years were RMB 3,233,051 and RMB 6,945,639 respectively.

The Company expects to record a gain of approximately RMB 476 million. This is determined by deducting the pro rata consolidated asset value of Fieldcity of approximately RMB 16 million as of 31 May 2007 and the Wuhan Shareholders Loan in the amount of US\$98,095,696 and transaction costs from the consideration receivable for the Wuhan Transaction.

## *Portspin*

Based on the unaudited consolidated financial statements of Portspin for the year ended 31 December 2006, Portspin had a consolidated net liability of RMB 115,195. Based on the unaudited consolidated financial statements of Portspin for the years ended 31 December 2005 and 2006, the consolidated net loss of Portspin before and after taxation and extraordinary items for those years were RMB 16,184 and RMB 7,567 respectively.

The Company expects to record a gain of approximately RMB 359 million. This is derived by deducting the pro rata consolidated net liability of Portspin of approximately RMB 59,000 as of 31 May 2007 and transaction costs from the consideration receivable for the Lot 116 Transaction.

#### **4. REASONS FOR THE DISPOSAL**

As disclosed in the Company's prospectus dated 20 September 2006 in connection with the Company's initial public offering on the Stock Exchange, the Group intends to seek out opportunities to enter into strategic partnerships with investors to sell the Group's interests in selected land, and/or to co-develop some lots of the Group's projects with a view to potentially accelerating the development schedules and allowing the Group to undertake more new projects.

The proceeds from the Sale Transactions will be used for the Group's general working capital purposes.

#### **5. INFORMATION REGARDING THE COMPANY, WCL AND TROPHY**

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 the long-term ownership of residential, office, retail, entertainment and cultural properties in the PRC.

Trophy is a China real estate investment vehicle in which WCL is the investment adviser.

WCL's principal activities are engaged in the provision of consultancy, financial, investment and project coordinating services.

#### **6. LISTING RULES IMPLICATIONS**

Based on the aggregation of the Chongqing Transaction, the Wuhan Transaction and the Lot 116 Transaction, the assets and consideration ratios set out in Rule 14.07 of the Listing Rules are more than 5% but less than 25%. As such, the Sale Transactions, when aggregated, constitute a discloseable transaction for the Company for the purposes of the Listing Rules. Each of the Sale Transactions by itself does not constitute a discloseable transaction for the Company under the Listing Rules.



The Board (including independent non-executive directors) is of the view that the Sale Transactions were negotiated and entered into on an arm's length basis and on normal commercial terms. The terms (including but not limited to the consideration payable by the acquirers) of the Sale and Purchase Agreements are fair and reasonable and that the Sale Transactions are in the best interests of the Company and its Shareholders as a whole.

## DEFINITIONS

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

<b>“Board”</b>	the board of Directors;
<b>“BVI”</b>	the British Virgin Islands;
<b>“Company”</b>	Shui On Land Limited, a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange;
<b>“Chongqing Land”</b>	the lands situated at 重慶市渝中區化龍橋片區一期改造工程地塊 and 重慶市渝中區化龍橋片區二期改造工程地塊;
<b>“Chongqing Sale and Purchase Agreement”</b>	a sale and purchase agreement dated 1 September 2006 and made between SOD and WCL;
<b>“Chongqing Tiandi Project”</b>	a city-core development project in Chongqing Municipality situated on the south bank of the Jialing River on the hillside, comprising, on completion, an expected gross floor area of approximately 2.6 million square metres;
<b>“Chongqing Transaction”</b>	the transaction contemplated under the Chongqing Sale and Purchase Agreement;
<b>“CSO”</b>	Chongqing Shui On Tiandi Property Development Company Limited, a Sino-foreign joint venture company established under the laws of PRC;
<b>“Directors”</b>	the directors of the Company;
<b>“Fieldcity”</b>	Fieldcity Investments Limited, a company incorporated under the laws of the British Virgin Islands;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC;
<b>“independent third party(ies)”</b>	Parties independent of the Company and its connected persons (as defined in the Listing Rules);

<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“Lot 116 Land”</b>	the land situated to the south of 復興中路, to the west of 濟南路, to the east of 順倉路, and to the north of 合肥路;
<b>“Lot 116 Sale and Purchase Agreement”</b>	a sale and purchase agreement dated 29 June 2007 and made between SOD and Trophy for the sale and purchase of 49% of the issued share capital of Portspin;
<b>“Lot 116 Project”</b>	a development project in Shanghai Municipality situated at the Lot 116 Land;
<b>“Lot 116 Transaction”</b>	the transaction contemplated under the Lot 116 Sale and Purchase Agreement;
<b>“Portspin”</b>	Portspin Limited, a company incorporated under the laws of the British Virgin Islands;
<b>“PRC”</b>	the People’s Republic of China;
<b>“RMB”</b>	Renminbi yuan, the lawful currency of the PRC;
<b>“Sale and Purchase Agreements”</b>	the Chongqing Sale and Purchase Agreement, the Wuhan Sale and Purchase Agreement and the Lot 116 Sale and Purchase Agreement collectively;
<b>“Sale Transactions”</b>	the Wuhan Transaction, the Chongqing Transaction and the Lot 116 Transaction collectively;
<b>“Shareholders”</b>	holders of Shares;
<b>“Shares”</b>	ordinary shares of nominal value US\$0.0025 each in the capital of the Company;
<b>“SHL”</b>	Score High Limited, a company incorporated under the laws of the British Virgin Islands;
<b>“SOD”</b>	Shui On Development (Holding) Limited, a company incorporated under the laws of the Cayman Islands;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“Subsidiary”</b>	has the meaning ascribed to it in the Listing Rules;
<b>“Super Field”</b>	Super Field Limited, a company incorporated under the laws of Hong Kong;
<b>“Target Companies”</b>	SHL, Fieldcity and Portspin;

<b>“Trophy”</b>	Trophy Property Development L.P., a collective investment scheme established under the laws of Hong Kong;
<b>“US\$” or USD</b>	United States dollars, the lawful currency of the United States of America;
<b>“WCL”</b>	Winnington Capital Limited, a company incorporated under the laws of Hong Kong;
<b>“WSO”</b>	Wuhan Shui On Tiandi Property Development Co. Ltd, a wholly owned subsidiary of Super Field;
<b>“Wuhan Land”</b>	the site known as “Yong Qing Pian” (永清片) in Wuhan;
<b>“Wuhan Sale and Purchase Agreement”</b>	a sale and purchase agreement dated 29 June 2007 and made between SOD and Trophy for the sale and purchase of 25% of the issued share capital of Fieldcity;
<b>“Wuhan Shareholder Loans”</b>	the amount of US\$98,095,696, which is 25% of the total amount owing by Fieldcity to SOD under the shareholder loan agreement dated 31 May 2007;
<b>“Wuhan Tiandi Project”</b>	a development project in Wuhan Municipality situated on the Wuhan Land;
<b>“Wuhan Transaction”</b>	the transaction contemplated under the Wuhan Sale and Purchase Agreement.

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

Hong Kong, 29 June 2007

*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*