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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**

**Supplemental Agreement in relation to the Framework Lease Agreement**

Reference is made to the Company's prospectus dated 20 September 2006 relating to the continuing connected transactions under the framework lease agreement dated 30 May 2006 entered into between the Company and Shui On Company Limited ("SOCL") (the "**Original Agreement**").

The Company has entered into a supplemental framework lease agreement dated 4 September 2007 (the "**Supplemental Agreement**") with SOCL mainly to extend the term of the Original Agreement, so that it shall end on 31 December 2009 instead of 31 December 2008.

In relation to the total annual amount payable by the Group to the SOCL Group for the leasing, sub-leasing and licensing of the properties in Shanghai in accordance with the Original Agreement, the relevant Annual Caps for the two years ending 31 December 2008 as disclosed in the Company's prospectus is considered to be no longer sufficient. Accordingly, the Company seeks to revise such Annual Caps for the two years ending 31 December 2008 and to set the relevant Annual Cap for the year ending 31 December 2009.

The Annual Caps for the leasing, sub-leasing and licensing of the properties in Hong Kong under the Original Agreement for the two years ending 31 December 2008 as disclosed in the Company's prospectus would remain the same, and the Company seeks to set the relevant Annual Cap for the year ending 31 December 2009.

SOCL is the controlling shareholder of the Company, SOCL is therefore a connected person of the Company. As each of the applicable percentage ratios for the revised and new Annual Caps calculated in accordance with the Listing Rules is less than 2.5%, the Continuing Connected Transactions are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules. Details of the Continuing Connected Transactions will be included in the next published annual report and accounts pursuant to Rule 14A.46 of the Listing Rules.

## 1. THE SUPPLEMENTAL AGREEMENT

**Date:** 4 September 2007

**Parties:** the Company  
SOCL

**Principal Term:** To extend the term of the Original Agreement so that it shall end on 31 December 2009 instead of 31 December 2008. The Original Agreement as supplemented by the Supplemental Agreement shall cover three years ending 31 December 2009.

## 2. ANNUAL CAPS

In relation to the total annual amount payable by the Group to the SOCL Group for the leasing, sub-leasing and licensing of the properties in Shanghai in accordance with the Original Agreement, the relevant Annual Caps for the two years ending 31 December 2008 as disclosed in the Company's prospectus are considered to be no longer sufficient. Accordingly, the Company seeks to revise such Annual Caps for the two years ending 31 December 2008 and to set the relevant Annual Cap for the year ending 31 December 2009 as follows:

	<b>2007</b> <i>RMB</i>	<b>2008</b> <i>RMB</i>	<b>2009</b> <i>RMB</i>
The existing Annual Caps	20,900,000	24,500,000	—
The new Annual Caps	28,000,000	38,000,000	48,000,000

The Annual Caps for the leasing, sub-leasing and licensing of the properties in Hong Kong under the Original Agreement for the two years ending 31 December 2008 as disclosed in the Company's prospectus would remain the same (being HK\$3,760,000 and HK\$4,360,000 respectively), and the Company seeks to set the relevant Annual Cap for the year ending 31 December 2009 at HK\$5,232,000.

In determining the revised and new Annual Caps, the Directors of the Company has taken into account the estimated aggregate annual rent and the management fees (if any) payable by the Group to the SOCL Group in relation to the leasing, sub-leasing and licensing of the properties in Shanghai and Hong Kong for the three years ending 31 December 2009, the market rent of similar premises in the nearby area in Shanghai and Hong Kong, and the anticipated growth of the Company. The Directors are of the view that the revised and new Annual Caps set out above are reasonable.

### **3. REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS**

The Group is undergoing a fast and steady growth in PRC, more office spaces are required for the continuing development of the Group. The Directors consider that the entering into the Supplemental Agreement is in line with the commercial objectives of the Group.

The Directors (including the independent non-executive Directors) believe that the Supplemental Agreement is based on normal commercial terms and that the terms of the Supplemental Agreement and the Continuing Connected Transactions are fair and reasonable and are in the best interests of the Company and its Shareholders as a whole.

### **4. INFORMATION REGARDING THE COMPANY AND SOCL**

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 high-quality residential, office, retail, entertainment and cultural properties in the PRC.

SOCL is principally engaged in investment holding.

## 5. IMPLICATIONS OF THE LISTING RULES

SOCL is the controlling shareholder of the Company, SOCL is therefore a connected person of the Company. As each of the applicable percentage ratios for the revised and new Annual Caps calculated in accordance with the Listing Rules is less than 2.5%, the Continuing Connected Transactions are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules. Details of the Continuing Connected Transactions will be included in the next published annual report and accounts pursuant to Rule 14A.46 of the Listing Rules.

### DEFINITIONS

“Annual Cap(s)”	means the maximum aggregate annual rent and management fees (if any) 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 entered into between the Group and the SOCL Group in relation to the lease, sub-lease or licence by the Group from the SOCL Group in accordance with the Original Agreement as supplemented by the Supplemental Agreement;
“Directors”	the directors of the Company;
“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;
“Original Agreement”	has the meaning ascribed to it in the summary box of this announcement;

“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	holders of shares of the Company;
“SOCL”	Shui On Company Limited, a company incorporated in the British Virgin Islands with limited liability;
“SOCL Group”	SOCL and its subsidiaries (excluding the Group); and
“Supplemental Agreement”	has the meaning ascribed to it in the summary box of this announcement.

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

Hong Kong, 4 September 2007

*As 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*