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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

**REGISTERED CAPITAL INCREASE IN
SHANGHAI YANG PU CENTRE DEVELOPMENT COMPANY LIMITED**

The Board announces that on 14 August 2007, the Amendment Agreement was signed pursuant to which the registered capital in Shanghai Yangpu, a 70% owned subsidiary of the Company shall be increased from US\$60,500,000 to US\$137,500,000 by US\$77,000,000. Bright Continental, a subsidiary of the Company and the holder of 70% equity interest in Shanghai Yangpu, shall inject US\$77,000,000, being the entire portion of the increase in equity capital, and at a premium of US\$8,470,000 in cash. Shanghai Yangpu KIZ, holder of the remaining 30% equity interest in Shanghai Yangpu, will not participate in injecting any additional equity capital into Shanghai Yangpu.

As a result of the completion of the Amendment Agreement, the interest of Bright Continental in the registered capital of Shanghai Yangpu will be increased from 70% to 86.8% by 16.8% and Shanghai Yangpu KIZ's interest will be diluted from 30% to 13.2% by 16.8%. The Acquisition constitutes a connected transaction for the Company under Rule 14A.13(1)(b)(i) of the Listing Rules, and as each of the applicable percentage ratios calculated in accordance with the Listing Rules is less than 2.5%, the Acquisition is only subject to the reporting and announcement requirements in accordance with Rule 14A.45 to 14A.47 of the Listing Rules. Shanghai Yangpu is no longer taken as a connected person of the Company pursuant to note 2 to Rule 14A.11(4)(c) of the Listing Rules.

1. AMENDMENT AGREEMENT

Date: 14 August 2007

Parties: Bright Continental

Shanghai Yangpu KIZ

A. Acquisition

The registered capital in Shanghai Yangpu, a subsidiary of the Company, shall be increased from US\$60,500,000 to US\$137,500,000 by US\$77,000,000 pursuant to the Amendment Agreement.

Bright Continental shall inject the entire portion of the increase in equity capital of US\$77,000,000 and at a premium of US\$8,470,000 in cash (being US\$85,470,000 in total). Shanghai Yangpu KIZ will not participate in injecting any additional equity capital into Shanghai Yangpu. As a result of the completion of the Amendment Agreement, the interest of Bright Continental in the equity capital of Shanghai Yangpu will be increased from 70% to 86.8% by 16.8% and Shanghai Yangpu KIZ's interest will be diluted from 30% to 13.2% by 16.8%.

The completion of the Amendment Agreement shall be subject to the approval by the relevant PRC government authorities.

B. Consideration

The aggregate consideration of US\$85,470,000 shall be payable to Shanghai Yangpu in cash and is expected to be paid within three months after the issuance of the certificate of approval for such Acquisition by the Shanghai Foreign Investment Commission. The consideration represents the increase in registered capital of US\$77,000,000 and a 11% premium of US\$8,470,000. The consideration will be paid as to approximately 50% out of internal resources and the remaining balance by unused existing banking facilities of the Group.

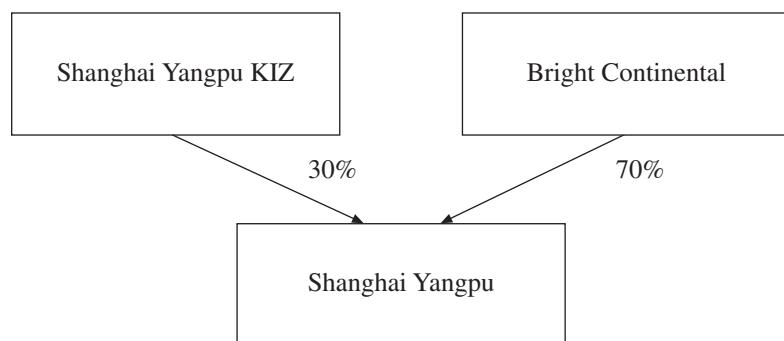
The consideration was determined with reference to the capital funding need of Shanghai Yangpu, the independent valuation of the fair value of Shanghai Yangpu in the amount of RMB529,291,947 as at 31 December 2006 and on arm's length negotiations between the parties. The premium of US\$8,470,000 represents 11% over the increased equity capital of US\$77,000,000 which was determined based on arm's length negotiations between the parties with reference to the valuation of Shanghai Yangpu, and taking into account the increase in the land price in the surrounding area.

2. SHAREHOLDING STRUCTURES BEFORE AND AFTER COMPLETION OF THE AMENDMENT AGREEMENT

A. Shareholding Structure Before Completion of the Amendment Agreement

Shareholding structure of Shanghai Yangpu immediately before the completion of the Amendment Agreement is set out in Chart 1.

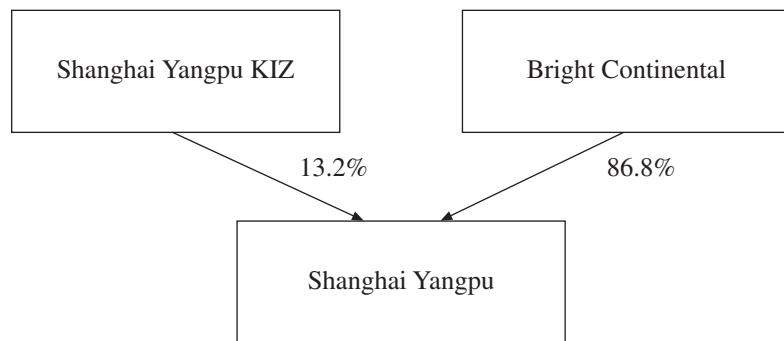
Chart 1



B. Shareholding Structure After Completion of the Amendment Agreement

Shareholding structure of Shanghai Yangpu immediately after the completion of the Amendment Agreement is set out in Chart 2.

Chart 2



3. FINANCIAL INFORMATION ON SHANGHAI YANGPU

Based on the unaudited financial statements of Shanghai Yangpu for the year ended 31 December 2006, Shanghai Yangpu had a net asset value of RMB487,817,203.

Based on the unaudited financial statements of Shanghai Yangpu for the two years ended 31 December 2005 and 2006, the net losses of Shanghai Yangpu before taxation and extraordinary items for the two years ended 31 December 2005 and 2006 were RMB13,619,234 and RMB13,560,901 respectively, and the net losses of Shanghai Yangpu after taxation and extraordinary items for those years were RMB13,619,234 and RMB6,281,658 respectively.

4. FURTHER INFORMATION ON SHANGHAI YANGPU AND REASONS FOR THE ACQUISITION

The principal business activity of Shanghai Yangpu (a subsidiary of the Company) is the development of the Company's Shanghai KIC Project. The project is a city-core development project that is located adjacent to numerous major universities and colleges in the Yangpu district northeast of downtown Shanghai. Development of the project is still ongoing.

To expedite the development progress of the Shanghai KIC Project and to provide additional funding of the project, it is agreed by Bright Continental and Shanghai Yangpu KIZ, being the shareholders of Shanghai Yangpu, to enter into the Amendment Agreement for the purpose of increasing the registered capital of Shanghai Yangpu. The Directors believe that there is a strong demand in the PRC property market and it is a good opportunity to increase the Group's interest in the Shanghai KIC Project. The Board (including the independent non-executive directors of the Company) believe that the terms of the Amendment Agreement are fair and reasonable, and that the transaction is on normal commercial terms and in the interests of the Company and its shareholders as a whole.

5. INFORMATION REGARDING THE COMPANY AND SHANGHAI YANGPU KIZ

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.

Shanghai Yangpu KIZ's principal business is an investment holding company controlled by the Yangpu District Government, which currently holds 30% equity interest in Shanghai Yangpu.

6. IMPLICATIONS OF THE LISTING RULES

Shanghai Yangpu KIZ holds 30% equity interest in Shanghai Yangpu and is a controller of Shanghai Yangpu and a connected person of the Company within

the meaning of the Listing Rules. The Acquisition constitutes a connected transaction for the Company under Rule 14A.13(1)(b)(i) of the Listing Rules, and as each of the applicable percentage ratios calculated in accordance with the Listing Rules is less than 2.5%, the Acquisition is only subject to the reporting and announcement requirements in accordance with Rule 14A.45 to 14A.47 of the Listing Rules.

Shanghai Yangpu is no longer taken as a connected person of the Company pursuant to note 2 to Rule 14A.11(4)(c) of the Listing Rules.

DEFINITIONS

“ Acquisition”	the 16.8% increase of Bright Continental’s equity holding in Shanghai Yangpu from 70% to 86.8% as a result of completion of the Amendment Agreement;
“Amendment Agreement”	the amendment agreement dated 14 August 2007 entered into between Bright Continental and Shanghai Yangpu KIZ for the purpose of amending the Joint Venture Agreement;
“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;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Joint Venture Agreement”	the joint venture agreement dated 13 June 2003 entered into by Bright Continental and Shanghai Yangpu University Town Investment and Development Company Limited, whose name has now been changed to Shanghai Yangpu KIZ, and which was subsequently amended by agreements between the same parties;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi yuan, the lawful currency of the PRC;
“Shanghai KIC Project”	the Shanghai Knowledge and Innovation Community project is a city-core development project that is located adjacent to numerous major universities and colleges in the Yangpu district northeast of downtown Shanghai;
“Shanghai Yangpu”	Shanghai Yang Pu Centre Development Company Limited, a company incorporated in the PRC and a non wholly-owned subsidiary of the Company, formerly known as Shanghai Yang Pu University Town Centre Development Company Limited;
“Shanghai Yangpu KIZ”	Shanghai Yangpu Knowledge and Innovation Zone Investment and Development Company Limited, a company incorporated in the PRC, formerly known as Shanghai Yangpu University Town Investment and Development Company Limited;
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules; and
“US\$”	United States dollars, the lawful currency of the United States of America.

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

Hong Kong, 14 August 2007

As at the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO and Mr. William T. ADDISON; the non-executive director is The Honourable LEUNG Chun Ying; and the independent non-executive directors 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*