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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)**

**MAJOR AND CONNECTED TRANSACTION**

**ACQUISITION OF FURTHER INTEREST IN A JOINT VENTURE  
IN RELATION TO LOT 114, TAIPINGQIAO**

The board of Directors of Shui On Land Limited (the “**Company**”) is pleased to announce that on 31 July 2007 Shui On Development (Holding) Limited (“**SOD**”), a wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement (the “**Agreement**”) with Equity Millennium Limited (“**EML**”) and Shun Hing China Investment Limited (“**SHC**” collectively with EML, the “**Sellers**”), whereby SOD shall acquire from the Sellers their entire interest in Profitstock Holdings Limited (“**Profitstock**”), being 30% of the issued share capital of Profitstock and the loan owing by Profitstock to the Sellers (the “**Loan**”) in the amount of RMB121,080,117 (approximately HK\$124,824,863), for a cash consideration of US\$116,000,000 (approximately HK\$892,307,692) (the “**Consideration**”).

Profitstock is a 70% owned subsidiary of the Company, which in turn is the ultimate owner of the PRC project company holding the Project, namely, the development at Lot 114, Taipingqiao Area, Lu Wan District in Shanghai, PRC. The Acquisition constitutes a major transaction of the Company and, as each of the Sellers is a substantial shareholder of Profitstock, it also constitutes a connected transaction of the Company. The Acquisition is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

Shui On Properties Limited, Shui On Investment Company Limited, New Rainbow Investments Limited, a closely allied group of Shareholders, each being a subsidiary of Shui On Company Limited, holds 940,000,000 shares, 563,713,901 shares and 746,695,324 shares in the Company respectively. Together they hold approximately 53.77% in the issued share capital of the Company. Since none of the Shareholders is required to abstain from voting on the Acquisition, written approval of Shui On Properties Limited, Shui On Investment Company Limited, New Rainbow Investments Limited has been obtained for the purpose of approving the Acquisition and the entering into of the Agreement in lieu of an approval from the Independent Shareholders at a shareholders' meeting pursuant to Rule 14.44 and Rule 14A.43 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 Acquisition and the entering into of the Agreement have been approved by a written approval of a closely allied group of Shareholders.

A circular containing, among other things, (i) further details of the Agreement, (ii) the recommendations of the independent board committee, and (iii) the advice of the independent financial adviser to advise the independent board committee and the Independent Shareholders will be despatched to Shareholders as soon as practicable.

The board of Directors is pleased to announce that on 31 July 2007 SOD, a wholly-owned subsidiary of the Company, has entered into the Agreement with EML and SHC, collectively the Sellers, whereby SOD shall acquire from the Sellers their entire interest in Profitstock, being 30% of the issued share capital of Profitstock and the Loan owing by Profitstock to the Sellers in the amount of RMB121,080,117 (approximately HK\$124,824,863), for a cash Consideration of US\$116,000,000 (approximately HK\$892,307,692).

## **1. AGREEMENT**

**Date:** 31 July 2007

**Parties:**

- (1) SOD, a wholly-owned subsidiary of the Company, as the purchaser;
- (2) EML and SHC as the Sellers; and
- (3) the Company, as holding company of SOD.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, save for their interest in Profitstock and its subsidiaries and certain other subsidiaries of the Company, the Sellers and their respective shareholders are independent third parties unconnected to any of the Directors, chief executive or substantial shareholder of the Company or any of its subsidiaries.

**Subject:**

30% of the issued share capital of Profitstock, being the entire interest of the Sellers in the share capital of Profitstock, and the Loan owing by Profitstock to the Sellers in the amount of RMB121,080,117.

Profitstock is a 70% owned subsidiary of the Company, which in turn is the ultimate owner of the PRC project company holding the Project, namely, the development at Lot 114, Taipingqiao Area, Lu Wan District in Shanghai, PRC.

The unaudited consolidated net asset value of Profitstock as at 31 December 2006 is approximately RMB1,663,495,787. The unaudited consolidated losses before and after taxation and extraordinary items of Profitstock for the year ended 31 December 2005 were RMB8,563,966. The unaudited consolidated profits before and after taxation and extraordinary items of Profitstock for the year ended 31 December 2006 were RMB2,305,967,635 and RMB1,578,906,738 respectively. The corresponding unaudited consolidated net asset value and the profits attributable to the 30% interest of Profitstock were approximately RMB499,048,736 (in terms of net asset value), RMB691,790,291 and RMB473,672,021 (in terms of profits for 2006) respectively.

**Consideration:**

US\$116,000,000 (approximately HK\$892,307,692) in cash. The first instalment of US\$58,000,000 (approximately HK\$446,153,846) representing 50% of the entire Consideration has been paid on signing of the Agreement. The balance amount of US\$58,000,000 will be paid on completion of the Acquisition under the Agreement.

The Consideration was determined based on arm's length negotiations between the parties with reference to the amount of the Loan and a premium of approximately 6% over the unaudited consolidated net asset value of Profitstock in the amount of approximately RMB2,409,929,997 as of 30 June 2007.

Tentatively, 50% of the Consideration will be funded by internal resources of the Company and the other 50% will be funded by banking facilities.

***Conditions:***

The Agreement is conditional upon, among others:

- (1) obtaining the approval of the Agreement and all transactions contemplated thereunder from the Shareholders in such manner permissible under the Listing Rules; and
- (2) issuance of the circular in accordance with the requirement of the Listing Rules, by 14 December 2007 unless otherwise agreed by the parties to the Agreement.

***Completion:***

Completion of the Acquisition under the Agreement will take place after the above conditions have been fulfilled and in any event no later than 28 December 2007 unless otherwise agreed by the parties, but shall not be earlier than the day which is two weeks after the above conditions are fulfilled.

**2. REASONS FOR THE TRANSACTION**

Profitstock is a 70% owned subsidiary of the Company. Following the completion of the Agreement, Profitstock will become a wholly-owned subsidiary of the Company enabling the Company to better manage and plan for the entire Project. In addition, it will allow the Company the flexibility to use Profitstock and its subsidiaries as the vehicles for future project developments, and allow the Company to retain the profits in the PRC for future development, instead of having to pay dividends from the Project out of the PRC to its overseas shareholders.

The Directors (excluding the independent non-executive Directors whose views will be set out in the circular to be despatched to the Shareholders together with the advice of the independent financial adviser) consider that the terms of the transaction are fair and reasonable, and that the transaction is on normal and commercial terms and in the best interests of the Company and its Shareholders as a whole.

### **3. IMPLICATIONS OF THE LISTING RULES**

The Acquisition constitutes a major transaction of the Company and, as each of the Sellers is a substantial shareholder of Profitstock, it also constitutes a connected transaction of the Company. The Acquisition is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

Shui On Properties Limited, Shui On Investment Company Limited, New Rainbow Investments Limited, a closely allied group of Shareholders, each being a subsidiary of Shui On Company Limited, holds 940,000,000 shares, 563,713,901 shares and 746,695,324 in the Company respectively. Together they hold approximately 53.77% in the issued share capital of the Company. Since none of the Shareholders is required to abstain from voting on the Acquisition and the entering into of the Agreement, written approval of Shui On Properties Limited, Shui On Investment Company Limited, New Rainbow Investments Limited has been obtained for the Acquisition and the entering into of the Agreement in lieu of an approval from the Independent Shareholders at a shareholders' meeting pursuant to Rule 14.44 and Rule 14A.43 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 Acquisition and the entering into of the Agreement have been approved by a written approval of a closely allied group of Shareholders.

An independent board committee will be appointed to review the Agreement, and an independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders. A circular containing, among other things, (i) further details of the Agreement, (ii) the recommendations of the independent board committee, and (iii) the advice of the independent financial adviser to advise the independent board committee and the Independent Shareholders will be despatched to the Shareholders as soon as practicable.

### **4. GENERAL INFORMATION**

The Company is one of the leading property developers in the PRC. It 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 principal business activity of EML and SHC respectively is investment holding.

## DEFINITIONS

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

<b>“Acquisition”</b>	the purchase of 30% of the issued share capital of Profitstock and the Loan contemplated under the Agreement;
<b>“Agreement”</b>	the agreement between the Company, SOD, EML and SHC in relation to the sale and purchase of 30% of the issued share capital of Profitstock and the assignment of the Loan;
<b>“associate”, “substantial shareholder(s)”</b>	each has the meaning ascribed to it in the Listing Rules;
<b>“Company”</b>	Shui On Land Limited, a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange;
<b>“Consideration”</b>	the cash consideration payable under the Agreement in the amount of US\$116,000,000;
<b>“Directors”</b>	the directors of the Company;
<b>“EML”</b>	Equity Millennium Limited;
<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 Shareholders”</b>	Shareholders other than EML, SHC and their respective associates;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“Loan”</b>	the non-interest bearing loan repayable on demand owing by Profitstock to the Sellers;
<b>“PRC”</b>	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan;

<b>“Profitstock”</b>	Profitstock Holdings Limited, a 70% owned subsidiary of the Company, and the ultimate owner of the PRC project company holding the Project, namely, the development at Lot 114, Taipingqiao Area, Lu Wan District in Shanghai, PRC;
<b>“Project”</b>	development at Lot 114, Taipingqiao Area, Lu Wan District in Shanghai, PRC;
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC;
<b>“Sellers”</b>	EML and SHC;
<b>“Shareholders”</b>	holders of shares in the ordinary share capital of the Company;
<b>“SHC”</b>	Shun Hing China Investment Limited;
<b>“SOD”</b>	Shui On Development (Holding) Limited, a wholly-owned subsidiary of the Company;
<b>“Stock Exchange”</b>	the Stock Exchange of Hong Kong Limited; and
<b>“US\$”</b>	US dollars, the lawful currency of the United States of America.

*Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is translated to HK\$ at the rates of HK\$1.00 = RMB0.97, and US\$ is translated to HK\$ at the rates of HK\$1.00 = US\$0.13. No representation is made that any amounts in RMB or US\$ have been or could be converted at the above rate or at any other rates or at all.*

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

Hong Kong, 31 July 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*