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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)

(1) DISCLOSEABLE AND CONNECTED TRANSACTION

**Disposal of 25% equity interest in Foresight Profits Limited and
an option for the disposal of additional 24% equity interest in
Foresight Profits Limited**

(2) POSSIBLE CONNECTED TRANSACTION

**Provision of Guarantee for the benefit of Foresight Profits Limited
and its subsidiaries**

(3) POSSIBLE CONNECTED TRANSACTION

Provision of Shareholders' Loans to Foresight Profits Limited

THE AGREEMENT

The Board is pleased to announce that on 19 May 2008, SOD, a wholly-owned subsidiary of the Company, entered into the Agreement with WCL pursuant to which WCL will acquire from SOD a 25% equity interest in FPL, a wholly-owned subsidiary of SOD, for a total consideration of RMB1,125 million (approximately HK\$1,255.6 million). WCL was also granted by SOD an irrevocable call option to acquire a further 24% equity interest in FPL at an exercise price of RMB1,134 million (approximately HK\$1,265.6 million) plus an amount (if any) representing the difference in any shareholder contribution made between the closing of the Disposal and the completion of the purchase of the additional equity interest in FPL under the Call Option that would have been applicable if WCL held 49% equity interest in FPL at the date of shareholder contribution. The major asset of FPL comprises Shanghai RHXC Project.

PROVISION OF GUARANTEE FOR THE BENEFIT OF THE FPL GROUP

On 20 June 2006, the Company and SOD entered into a guarantee with SCB (as agent) pursuant to which the Company and SOD agreed to provide a joint and several guarantee to facilitate the making of loans of up to the equivalent of approximately RMB1,199 million (approximately HK\$1,338.2 million) by a consortium of banks to the FPL Group (the “**Guarantee**”). The Guarantee will continue following the completion of the Transaction.

In consideration of the Company and SOD agreeing to continue the Guarantee following the completion of the Transaction, WCL agreed to pay a guarantee fee to SOD with reference to the difference in interest rates of the loans provided to the FPL Group that would have been applicable if there were no Guarantee given by the Company and SOD. It is expected that the amount of such guarantee fee will not exceed RMB50 million (approximately HK\$55.8 million).

LISTING RULES IMPLICATIONS FOR THE TRANSACTION AND THE GUARANTEE

As the relevant percentage ratios under the Listing Rules in respect of the Transaction are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company. WCL is currently a connected person of the Company by virtue of its 19.8% interest in Score High Limited, which is a subsidiary of the Company. The Transaction, therefore, constitutes a connected transaction of the Company. The Transaction is subject to the reporting, announcement and independent shareholders’ approval requirements under the Listing Rules.

If the Call Option is exercised and completed, FPL will become an associate of WCL and the members of the FPL Group will become connected persons of the Company. Accordingly, the provision of the Guarantee by the Company and SOD to the FPL Group constitutes a possible connected transaction of the Company. As the relevant percentage ratios under the Listing Rules are more than 2.5%, the Guarantee is subject to the reporting, announcement and independent shareholders’ approval requirements under the Listing Rules.

Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited, a closely allied group of Shareholders, each being a subsidiary of Shui On Company Limited, hold 940,000,000 shares, 930,685,094 shares and 396,071,631 shares of the Company, respectively. Together, they hold approximately 54.15% of the entire issued share capital of the Company at the date of this announcement. Since none of the Shareholders is required to abstain from voting on the Transaction or the Guarantee, written approvals of Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited have been obtained for the purpose of approving the entering into of the Agreement, the Transaction and the Guarantee in lieu of an approval from the independent shareholders of the Company at a shareholders' meeting pursuant to 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 entering into of the Agreement, the Transaction and the Guarantee has been approved by a written approval of a closely allied group of Shareholders.

An independent board committee of the Company will be appointed to advise the independent shareholders of the Company, and an independent financial adviser will also be appointed to advise the independent board committee and the independent shareholders of the Company in relation to the terms of the Transaction and the Guarantee.

A circular containing, among other things, further details of the Agreement, the Transaction and the Guarantee, together with the recommendations of the independent board committee of the Company, the advice from the independent financial adviser to the independent board committee and the independent shareholders of the Company will be despatched to the Shareholders as soon as practicable.

PROVISION OF SHAREHOLDERS' LOANS TO FPL

SOD and WCL may be required to provide shareholders' loans to FPL in an aggregate amount up to the equivalent of RMB594 million (approximately HK\$662.9 million) in proportion to their respective equity interest in FPL.

Assuming the Call Option is exercised and completed, FPL will be held as to 51% by SOD and 49% by WCL. In such case, the shareholders' loans would be provided by SOD and WCL in an amount up to the equivalent of RMB303 million (approximately HK\$338.2 million) and RMB291 million (approximately HK\$324.8 million) respectively.

If the Call Option is exercised and completed, FPL will become an associate of WCL and a connected person of the Company. Accordingly, the provision of shareholders' loans from SOD to FPL constitutes a possible connected transaction of the Company. As the relevant percentage ratios under the Listing Rules are more than 0.1% but less than 2.5%, the provision of such shareholders' loans is subject to the reporting and announcement requirements under the Listing Rules.

A. THE AGREEMENT

The Board is pleased to announce that, on 19 May 2008, the Company (through SOD) entered into the Agreement with WCL to dispose of part of its equity interest in FPL. Details of the Transaction are summarised as follows:

Date

19 May 2008

Parties

- (1) SOD, a wholly-owned subsidiary of the Company (as the seller); and
- (2) WCL (as the purchaser).

WCL is currently a connected person of the Company by virtue of its 19.8% interest in Score High Limited, which is a subsidiary of the Company.

Subject matter

The transactions contemplated under the Agreement involve the disposal of a 25% equity interest in FPL by SOD to WCL (the “**Disposal**”) and the grant of an irrevocable call option by SOD to WCL to acquire a further 24% equity interest in FPL (the “**Call Option**”).

FPL is currently a subsidiary of the Company which indirectly holds the parcels of land comprising various portions of Phase I and Phase II of Shanghai RHXC Project and the parcels of land identified as Lots 1 to 4 and Lots 6 to 10 in Hongkou District, Shanghai, PRC. Shanghai RHXC Project is an integrated residential development project which is being developed by the Group in various phases. All the residential units in Phases I and II of Shanghai RHXC Project have been completed and sold. Construction of the residential portions in Lot 8 of Shanghai RHXC Project is currently in progress, and land clearance works in Lots 4 and 6 of Shanghai RHXC Project are currently in progress.

As disclosed in the announcement of the Company dated 26 February 2008, FPL purchased from Smithton Limited (an indirect wholly-owned subsidiary of Shui On Company Limited) 100% of the issued share capital and shareholders' loans of Silomax Limited which indirectly owns Phase I of Shanghai RHXC Project at a cash consideration of approximately HK\$152.7 million.

Consideration of the Disposal

The total consideration for the Disposal is RMB1,125 million (approximately HK\$1,255.6 million) in cash. The first instalment of RMB990 million (approximately HK\$1,104.9 million) will become payable by WCL to SOD upon completion of the Disposal. Subject to completion of the Disposal, the balance amount of RMB135 million (approximately HK\$150.7 million), together with the interest for the period between the closing date of the Disposal and the actual payment date of such balance amount, will be paid by WCL to SOD on or before 31 March 2009. The payments by WCL to SOD under the Agreement shall be made in US\$ at the prevailing exchange rate to be determined by reference to the average exchange rate on each of the five Business Days immediately preceding the date of the relevant payment.

The Disposal was negotiated and entered into on an arm's length basis and on normal commercial terms. The total consideration for the Disposal was determined with reference to a premium of approximately 4.4 times over 25% of the unaudited consolidated net book asset value of FPL in the amount of approximately RMB829 million (approximately HK\$925.2 million) as at 31 December 2007. Such premium was in turn determined with reference to the future development potential of Shanghai RHXC Project, taking into account the Company's expertise and experience in master planning and design of large-scale integrated project development in the PRC.

Call Option

SOD has also granted the Call Option to WCL pursuant to the Agreement, exercisable by WCL during the period commencing from 1 December 2008 and ending on 31 December 2008, for the acquisition from SOD of a further 24% equity interest in FPL at an exercise price of RMB1,134 million (approximately HK\$1,265.6 million) plus an amount (if any) representing the difference in any shareholder contribution made between the closing of the Disposal and the completion of the purchase of the additional equity interest in FPL under the Call Option that would have been applicable if WCL held 49% equity interest in FPL at the date of shareholder contribution. Such option price shall be paid by WCL to SOD in US\$ at the prevailing exchange rate to be determined by reference to

the average exchange rate on each of the five Business Days immediately preceding the date of payment of such price. The Company will issue an announcement upon exercise, expiry or transfer of the Call Option in accordance with the applicable requirements under the Listing Rules.

The Call Option was negotiated on an arm's length basis and on normal commercial terms. The exercise price of the Call Option was determined with reference to a premium of approximately 4.7 times over 24% of the unaudited consolidated net book asset value of FPL in the amount of approximately RMB829 million (approximately HK\$925.2 million) as at 31 December 2007. Such premium was in turn determined with reference to the future development potential of Shanghai RHXC Project, taking into account the Company's expertise and experience in master planning and design of large-scale integrated project development in the PRC.

Conditions

The completion of the Agreement is conditional upon the fulfilment (or waiver, as the case may be) of the following conditions:

- (i) obtaining the written approval of the Shareholders of the Company for the transactions contemplated under the Agreement; and
- (ii) where appropriate, obtaining written acknowledgements from financial institutions consenting to the Transaction.

Completion

Closing of the Disposal will take place on 31 May 2008 (or such other date as the parties may agree, which in any event shall not be later than 60 Business Days after 31 May 2008).

Completion of the transfer of the shares upon the exercise of the Call Option will take place on 30 September 2009, or such earlier or later date as the parties may agree in writing.

Shareholders' Agreement

SOD, WCL and FPL will enter into a shareholders' agreement in relation to the regulation of their respective shareholdings in, and the management of, FPL. The funding in relation to Shanghai RHXC Project under the shareholders' agreement are summarised below:

1. The Development Costs (excluding any Relocation and Land Costs) will be financed by borrowings from the banking sources of the FPL Group and other third party financial institutions. The shareholders of FPL agree to provide a guarantee or other forms of recourse to secure such borrowings in proportion with their respective equity interest in FPL.
2. To the extent that external providers of finance for all or some of the Development Costs (excluding any Relocation and Land Costs) are unavailable, the shareholders of FPL shall fund the shortfall amount in proportion with their respective equity interest in FPL by making available loans to FPL on terms to be mutually agreed between the parties.
3. The parties shall pay the Relocation and Land Costs associated with Shanghai RHXC Project in proportion with their respective equity interest in FPL at the time of payment by way of loans to FPL.

Financial information on FPL

Based on the unaudited consolidated financial statements of FPL for the year ended 31 December 2007, FPL had a consolidated net book asset value of approximately RMB829 million (approximately HK\$925.2 million). Based on the unaudited consolidated financial statements of FPL for the years ended 31 December 2006 and 31 December 2007, the consolidated net profits before taxation for the years were approximately RMB255 million (approximately HK\$284.6 million) and RMB195 million (approximately HK\$217.6 million) respectively, and the consolidated net profits of FPL after taxation for those years were approximately RMB156 million (approximately HK\$174.1 million) and RMB197 million (approximately HK\$219.9 million) respectively.

Subject to review by the auditors of the Company, the Company expects to record a gain of approximately RMB845 million (approximately HK\$943.1 million) as a result of the completion of the Disposal and a further gain of approximately RMB865 million (approximately HK\$965.4 million) as a result of the exercise of the Call Option. These gains are derived by deducting an estimated amount of adjustment of RMB25 million as of 30 April 2008 and the pro rata consolidated asset value of FPL of approximately RMB230 million as of 31 March 2008 and transaction costs from the consideration receivable for the Transaction. The gain as a result of the exercise of the Call Option is subject to further adjustment on fair value and change in pro rata consolidated asset value of FPL for the period from 1 April 2008 to the exercise date of the Call Option.

Reasons for the Transaction

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. Upon completion of the Transaction, FPL will remain as a subsidiary of the Company.

The Directors (including the independent non-executive Directors) consider that the terms of the Transaction are fair and reasonable, and that the Transaction is on normal commercial terms and in the best interests of the Company and the Shareholders as a whole.

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

B. PROVISION OF GUARANTEE FOR THE BENEFIT OF THE FPL GROUP

Guarantee

On 20 June 2006, the Company and SOD entered into a guarantee with SCB (as agent) pursuant to which the Company and SOD agreed to provide a joint and several guarantee to facilitate the making of loans of up to the equivalent of approximately RMB1,199 million (approximately HK\$1,338 million) by a consortium of banks to the FPL Group (the "**Guarantee**"). The Guarantee will continue following the completion of the Transaction.

In consideration of the Company and SOD agreeing to continue the Guarantee following the completion of the Transaction, WCL agreed to pay a guarantee fee to SOD with reference to the difference in interest rates of the loans provided to the FPL Group that would have been applicable if there were no Guarantee given by the Company and SOD. It is expected that the amount of such guarantee fee will not exceed RMB50 million (approximately HK\$55.8 million).

Reasons for the Guarantee

The Directors consider that the Guarantee has facilitated the obtaining of the bank loans for financing the development of Shanghai RHXC Project. The Directors (including the independent non-executive Directors) consider that the terms of the Guarantee are fair and reasonable, and that the Guarantee is not in the ordinary and usual course of business of the Company but is on normal commercial terms and in the best interests of the Company and the Shareholders as a whole.

C. LISTING RULES IMPLICATIONS FOR THE TRANSACTION AND THE GUARANTEE

As the relevant percentage ratios under the Listing Rules in respect of the Transaction are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company. WCL is currently a connected person of the Company by virtue of its 19.8% interest in Score High Limited, which is a subsidiary of the Company. The Transaction, therefore, constitutes a connected transaction of the Company. The Transaction is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

If the Call Option is exercised and completed, FPL will become an associate of WCL and the members of the FPL Group will become connected persons of the Company. Accordingly, the provision of the Guarantee by the Company and SOD to the FPL Group constitutes a possible connected transaction of the Company. As the relevant percentage ratios under the Listing Rules are more than 2.5%, the Guarantee is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited, a closely allied group of Shareholders, each being a subsidiary of Shui On Company Limited, hold 940,000,000 shares, 930,685,094 shares and 396,071,631 shares of the Company, respectively. Together, they hold approximately 54.15% of the entire issued share capital of the Company at the date of this announcement. Since none of the Shareholders is required to abstain from voting on the Transaction or the Guarantee, written approvals of Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited have been obtained for the purpose of approving the entering into of the Agreement, the Transaction and the Guarantee in lieu of an approval from the independent shareholders of the Company at a shareholders' meeting pursuant to 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 entering into of the Agreement, the Transaction and the Guarantee has been approved by a written approval of a closely allied group of Shareholders.

An independent board committee of the Company will be appointed to advise the independent shareholders of the Company, and an independent financial adviser will also be appointed to advise the independent board committee and the independent shareholders of the Company in relation to the terms of the Transaction and the Guarantee.

A circular containing, among other things, further details of the Agreement, the Transaction and the Guarantee, together with the recommendations of the independent board committee of the Company, the advice from the independent financial adviser to the independent board committee and the independent shareholders of the Company will be despatched to the Shareholders as soon as practicable.

D. PROVISION OF SHAREHOLDERS' LOANS TO FPL

SOD and WCL may be required to provide shareholders' loans to FPL in an aggregate amount up to the equivalent of RMB594 million (approximately HK\$662.9 million) in proportion to their respective equity interest in FPL. The purpose of such funding is to finance the relocation costs associated with Shanghai RHXC Project, and the amount of such funding is determined based on the current estimated relocation costs associated with Shanghai RHXC Project up to the end of 2008.

Assuming the Call Option is exercised and completed, FPL will be held as to 51% by SOD and 49% by WCL. In such case, the shareholders' loans would be provided by SOD and WCL in an amount up to the equivalent of RMB303 million (approximately HK\$338.2 million) and RMB291 million (approximately HK\$324.8 million) respectively.

The Directors (including the independent non-executive Directors) consider that the terms of such shareholder' loans to FPL are fair and reasonable, and that the provision of such shareholders' loans is not in the ordinary and usual course of business of the Company but on normal commercial terms and in the best interests of the Company and the Shareholders as a whole.

If the Call Option is exercised and completed, FPL will become an associate of WCL and a connected person of the Company. Accordingly, the provision of shareholders' loans from SOD to FPL constitutes a possible connected transaction of the Company. As the relevant percentage ratios under the Listing Rules are more than 0.1% but less than 2.5%, the provision of such shareholders' loans is subject to the reporting and announcement requirements under the Listing Rules.

E. INFORMATION REGARDING THE GROUP AND WCL

The Group is one of the leading property developers in the PRC. The Group 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.

WCL engages principally in the provision of consultancy, financial, investment and project co-ordinating services.

DEFINITIONS

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

“Agreement”	a sale and purchase agreement dated 19 May 2008 entered into between SOD and WCL;
“Board”	the board of Directors;
“Business Day”	a day other than a Saturday or Sunday, on which banks are open in Hong Kong, Cayman Islands and the PRC to the general public for business;
“Call Option”	an irrevocable call option granted by SOD to WCL for the acquisition of a further 24% equity interest in FPL as contemplated under the Agreement;
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange;
“Construction Costs”	the total construction costs incurred and to be incurred for the purpose of or in connection with the development of Shanghai RHXC Project;

“Development Costs”	the aggregate of the Construction Costs, interest expenses and sales and marketing costs incurred or to be incurred in connection with the development and sales and marketing of Shanghai RHXC Project;
“Directors”	the directors of the Company;
“Disposal”	disposal of a 25% equity interest in FPL by SOD to WCL in accordance with the terms of the Agreement;
“FPL”	Foresight Profits Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of SOD;
“FPL Group”	FPL and its subsidiaries;
“Guarantee”	a guarantee dated 20 June 2006 between the Company, SOD and SCB (as agent) in relation to the provision of guarantee to facilitate the making of loans of up to the equivalent of approximately RMB1,199 million by a consortium of banks to the FPL Group;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan;
“Relocation and Land Costs”	the total costs incurred and to be incurred for the purpose of or in connection with obtaining the land use rights and the expropriation and clearing of the land constituting Shanghai RHXC Project;
“RMB”	Renminbi, the lawful currency of the PRC;
“SCB”	Standard Chartered Bank Shanghai Branch;

“ Shanghai RHXC Project ”	a development project in Shanghai, PRC, which involves parcels of land comprising various portions of Phase I and Phase II of Rui Hong Xin Cheng project, and the parcels of land identified as Lots 1 to 4 and Lots 6 to 10 in Hongkou District, Shanghai, PRC;
“ Shareholders ”	holders of ordinary shares of the Company;
“ SOD ”	Shui On Development (Holding) Limited, a company incorporated under the laws of the Cayman Islands and a wholly-owned subsidiary of the Company;
“ Stock Exchange ”	the Stock Exchange of Hong Kong Limited;
“ subsidiary ”	has the meaning ascribed to it under the Listing Rules;
“ Transaction ”	collectively the Disposal and the grant of Call Option;
“ US\$ ”	United States dollars, the lawful currency of the United States of America; and
“ WCL ”	Winnington Capital Limited, a company incorporated under the laws of Hong Kong.

Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is translated to HK\$ at the rate of HK\$1.00 = RMB0.896. No representation is made that any amount in RMB has been or could be converted at the above rate or at any other rates or at all.

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

Hong Kong, 19 May 2008

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*