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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

FRAMEWORK CONSTRUCTION AGREEMENT FOR DALIAN TIANDI • SOFTWARE HUB

On 7 August 2008, Richcoast (a subsidiary of the Company by holding 61.54% of its issued share capital) entered into the Framework Construction Agreement with Yida whereby the Yida Group may enter into contracts with the Richcoast Group to perform site formation and construction works on the Land from time to time for a term expiring no later than 31 December 2010.

As Yida (through its wholly-owned subsidiary) is a substantial shareholder of Richcoast, a subsidiary of the Company for the purposes of the Listing Rules, Yida is a connected person of the Company. Accordingly, the transactions contemplated under the Framework Construction Agreement constitute continuing connected transactions of the Company.

The applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules in respect of the Framework Construction Agreement will exceed 0.1% but will be less than 2.5%. Accordingly, the transactions contemplated under the Framework Construction Agreement are subject to the reporting and announcement requirements under the Listing Rules.

1. FRAMEWORK CONSTRUCTION AGREEMENT

Date: 7 August 2008

Parties: (1) Richcoast; and
(2) Yida

Terms:

The Yida Group may enter into contracts with the Richcoast Group to perform site formation and construction works on the Land from time to time for a term expiring no later than 31 December 2010. Such site formation and construction works include excavation and/or filling, clearance of the construction site, removal of the construction garbage, setting up drainage system and construction of the main structures on the Land.

Pursuant to the Framework Construction Agreement, the parties may from time to time enter into construction agreements. Detailed terms of each construction agreement, including the scope, the work period, the quality and other customary terms for site formation and construction works, will be determined on an arm's length basis in accordance with fair and usual market practice. The fees for such site formation and construction works shall not exceed the prevailing market price for providing similar site formation and construction works in Dalian.

The Directors consider that the basis of determining the fees under the Framework Construction Agreement is fair and reasonable and on normal commercial terms.

2. ANNUAL CAPS

It is expected that the maximum annual fees payable by the Richcoast Group to the Yida Group under the Framework Construction Agreement for the three years ending 31 December 2010 will be as follows:

	2008	2009	2010
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Framework Construction Agreement	110,000,000	91,400,000	91,400,000

(Note)

Note: This amount includes a fee of RMB7.5 million payable by the Richcoast Group to the Yida Group under a site formation agreement entered into between the parties in respect of site formation works for certain plots of the Land, the details of which are set out in the announcement of the Company dated 13 May 2008.

In determining these maximum annual fees, the Directors have taken into account the expected progress of the site formation and construction works on the Land, and the estimated market rates for providing similar services in Dalian. The Directors are of the view that such maximum annual fees as set out above are reasonable.

3. REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

The Yida Group is experienced in conducting site formation and construction works in the PRC, and it is also familiar with the local ground conditions in Dalian. Accordingly, the Framework Construction Agreement will enable the Richcoast Group to utilise the Yida Group's expertise and experience in conducting site formation and construction works for project developments, and also enable the Richcoast Group to focus on the overall planning and management of the development of Dalian Tiandi • Software Hub, a project development in the PRC in which the Company has an attributable interest of 48%.

The Directors (including the independent non-executive Directors) consider that the terms of the Framework Construction Agreement are fair and reasonable and on normal commercial terms, and that the transactions contemplated under the Framework Construction Agreement are in the best interests of the Company and its shareholders as a whole.

4. IMPLICATIONS UNDER THE LISTING RULES

As Yida (through its wholly-owned subsidiary) is a substantial shareholder of Richcoast, a subsidiary of the Company for the purposes of the Listing Rules, Yida is a connected person of the Company. Accordingly, the transactions contemplated under the Framework Construction Agreement constitute continuing connected transactions of the Company.

The applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules in respect of the Framework Construction Agreement will exceed 0.1% but will be less than 2.5%. Accordingly, the transactions contemplated under the Framework Construction Agreement are subject to the reporting and announcement requirements under the Listing Rules.

5. GENERAL INFORMATION

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

The Yida Group is a conglomerate with interests in property development, construction and furnishing, equipment manufacturing, software park development, platform development for software and information services, and professional training and education. Other than being a joint venture partner for the property development project of Dalian Tiandi • Software Hub, to the best knowledge and belief of the Directors having made all reasonable enquiries, the Yida Group has no other relationship with the Group.

6. DEFINITIONS

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

“associates”, “connected person(s)”, “subsidiary”, “substantial 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;
“Directors”	the directors of the Company;
“Framework Construction Agreement”	the framework agreement entered into between Richcoast and Yida on 7 August 2008 in relation to the site formation and construction works on the Land;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Land”	the land area constituting the Dalian Tiandi • Software Hub;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Richcoast”	Richcoast Group Limited, a company incorporated in the British Virgin Islands and held as to 61.54% by the Group;
“Richcoast Group”	Richcoast and its subsidiaries;

“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Yida”	Yida Group Company Limited, a limited liability company incorporated in the PRC; and
“Yida Group”	Yida and its subsidiaries.

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

Hong Kong, 7 August 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*