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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)



瑞安建業有限公司\*  
SHUI ON CONSTRUCTION AND MATERIALS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 983)

**CONTINUING  
CONNECTED TRANSACTIONS**

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### **SUPPLEMENTAL AGREEMENT TO THE FRAMEWORK AGREEMENT**

References are made to the prospectus of SOL dated 20 September 2006 and the announcement and the circular of SOCAM dated 15 February 2007 and 8 March 2007 respectively relating to the transactions contemplated under the construction services framework agreement dated 4 June 2006 entered into between SSOC and SOL which constitute continuing connected transactions of both SOL and SOCAM under Chapter 14A of the Listing Rules.

Since the term of the Framework Agreement will end on 31 December 2008, SSOC and SOL agreed to enter into a supplemental agreement on 15 December 2008 (the "Supplemental Agreement") to extend the term for three financial years to 31 December 2011. SOCAM and SOL will comply with the applicable requirements under the Listing Rules upon further renewal of the Framework Agreement.

Mr. Lo Hong Sui, Vincent is the Chairman of SOL in which he has an interest of approximately 54.52% in its issued share capital. He is also the Chairman of SOCAM and has an interest in approximately 56.63% of the issued share capital of SOCAM. Therefore, SOCAM and SSOC are associates of a connected person of SOL. Accordingly, the transactions contemplated under the Framework Agreement as supplemented by the Supplemental Agreement will constitute continuing connected transactions of SOL. Since the applicable percentage ratios set out in Rule 14A.10 of the Listing Rules calculated for SOL with reference to the new Caps exceed 2.5%, the Supplemental Agreement and the Continuing Connected Transactions will be subject to announcement, Independent SOL Shareholders' approval, annual review and reporting requirements under Chapter 14A of the Listing Rules.

In view of Mr. Lo's interest in SOL and SOCAM as set out above, SOL is an associate of a connected person of SOCAM. Accordingly, the transactions contemplated under the Framework Agreement as supplemented by the Supplemental Agreement will constitute continuing connected transactions of SOCAM. Since the applicable percentage ratios set out in Rule 14A.10 of the Listing Rules calculated for SOCAM with reference to the new Caps exceed 2.5%, the Supplemental Agreement and the Continuing Connected Transactions will be subject to announcement, Independent SOCAM Shareholders' approval, annual review and reporting requirements under Chapter 14A of the Listing Rules.

Reference is made to the prospectus of SOL dated 20 September 2006 relating to the continuing connected transactions contemplated under the Framework Agreement.

References are also made to the announcement and the circular of SOCAM dated 15 February 2007 and 8 March 2007 respectively relating to the continuing connected transactions contemplated under the Framework Agreement. The Independent SOCAM Shareholders approved the Framework Agreement and the continuing connected transactions contemplated thereunder at the special general meeting of SOCAM held on 12 April 2007.

Since the term of the Framework Agreement will end on 31 December 2008, SSOC and SOL agreed to enter into a supplemental agreement on 15 December 2008 (the "Supplemental Agreement") to extend the term for three financial years to 31 December 2011.

#### **THE SUPPLEMENTAL AGREEMENT**

**Date:** 15 December 2008

**Parties:** (1) SSOC; and  
(2) SOL

**Principal Term:** To extend the term of the Framework Agreement so that it shall end on 31 December 2011. Any renewal shall be subject to the agreement of the parties and subject to necessary consent and/or approval being obtained. Each renewal term, if so agreed by the parties and upon obtaining all necessary consent and/or approval, shall be for three financial years.

SOCAM and SOL will comply with the applicable requirements under the Listing Rules upon further renewal of the Framework Agreement.

## **ANNUAL CAPS**

As set out in the prospectus of SOL dated 20 September 2006 and the announcement of SOCAM dated 15 February 2007, the previous annual caps for the three financial years ending 31 December 2008 were RMB285 million, RMB535 million and RMB750 million respectively.

It is proposed that the maximum annual total payment for all Construction Services provided by SSOC to SOL Group for each of the three financial years ending 31 December 2011 shall not exceed RMB410 million, RMB561 million and RMB845 million (the “new Caps”) respectively. The new Caps are determined based on the estimated amount of payments to be certified upon completion of the outstanding works under the previously awarded contracts to SSOC and with reference to the estimated maximum amount of construction works which will be carried out for new contracts to be awarded by SOL Group to SSOC in accordance with the tendering procedures during the relevant financial years.

The total amount paid by SOL Group to SSOC for all Construction Services provided by SSOC to SOL Group for the two financial years ended 31 December 2007 are approximately RMB27 million and RMB117 million respectively. The total amount paid or payable by SOL Group to SSOC for the Construction Services provided for the nine months ended 30 September 2008 is approximately RMB210 million. In view of the trend of the significant increase in actual amount paid by SOL Group to SSOC for the Construction Services for the aforesaid financial periods, it is more appropriate to set the annual caps for each of the three financial years ending 31 December 2011 at not exceeding RMB410 million, RMB561 million and RMB845 million respectively taking into account: (a) the probability of SSOC taking up more projects with its increasing capability; (b) higher success rate of SSOC’s tenders; and (c) more property development projects of SOL coming on stream that may be suitable for SSOC to tender.

## **REASONS FOR THE TRANSACTIONS**

Having considered the track record, experience and expertise of SSOC and its understanding of the construction requirements and standards of SOL, and that it is possible that some of its construction contracts may be awarded to SSOC which participates in tendering for its construction works, SOL believes it is in its best interest to renew the term of the Framework Agreement.

SSOC is the construction arm of SOCAM in the PRC. The Framework Agreement provides business opportunities for SSOC to tender for contracts and engage in construction works in the PRC, providing solid support to the property development activities of SOL Group.

The directors of SOL (including the independent non-executive directors of SOL) are of the view that the Continuing Connected Transactions are entered into in the ordinary and usual course of business of SOL Group, the Supplemental Agreement (together with the new Caps) has been agreed on normal commercial terms after arm's length negotiations between the parties, and the terms of the Supplemental Agreement and the Continuing Connected Transactions (together with the new Caps) are fair and reasonable and in the interests of the SOL Shareholders as a whole.

The directors of SOCAM (including the independent non-executive directors of SOCAM) are of the view that the Continuing Connected Transactions are entered into in the ordinary and usual course of business of SOCAM Group, the Supplemental Agreement (together with the new Caps) has been agreed on normal commercial terms after arm's length negotiations between the parties, and the terms of the Supplemental Agreement and the Continuing Connected Transactions (together with the new Caps) are fair and reasonable and in the interests of the SOCAM Shareholders as a whole.

The SOL Shareholders and SOCAM Shareholders should note that the new Caps represent the reasonable estimates by SOL and SOCAM of the aggregate annual amounts of the relevant transactions based on the information currently available. The new Caps bear no direct relationship to, nor should be taken to have any direct bearing on, the financial or potential financial performance of SOL Group and SOCAM Group. SSOC may or may not provide Construction Services to SOL Group up to the level of the new Caps, if at all, as any engagement by SOL Group for construction services (other than to execute contracts with less than RMB1 million) is subject to tender procedures which are open to other independent third party contractors.

## **IMPLICATIONS OF THE LISTING RULES**

Mr. Lo is the Chairman of SOL in which he has an interest of approximately 54.52% in its issued share capital. He is also the Chairman of SOCAM and has an interest in approximately 56.63% of the issued share capital of SOCAM. Therefore, SOCAM and SSOC are associates of a connected person of SOL. Accordingly, the transactions contemplated under the Framework Agreement as supplemented by the Supplemental Agreement will constitute continuing connected transactions of SOL. Since the applicable percentage ratios set out in Rule 14A.10 of the Listing Rules calculated for SOL with reference to the new Caps exceed 2.5%, the Supplemental Agreement and the Continuing Connected Transactions will be subject to announcement, Independent SOL Shareholders' approval, annual review and reporting requirements under Chapter 14A of the Listing Rules.

Dr. Fung Kwok Lun, William, an independent non-executive director of SOL, is beneficially interested in 3,700,000 SOL Shares and 682,000 SOCAM Shares, representing approximately 0.08% and 0.21% of issued share capitals of SOL and SOCAM respectively.

In view of Mr. Lo's interest in SOL and SOCAM as set out above, SOL is an associate of a connected person of SOCAM. Accordingly, the transactions contemplated under the Framework Agreement as supplemented by the Supplemental Agreement will constitute continuing connected transactions of SOCAM. Since the applicable percentage ratios set out in Rule 14A.10 of the Listing Rules calculated for SOCAM with reference to the new Caps exceed 2.5%, the Supplemental Agreement and the Continuing Connected Transactions will be subject to announcement, Independent SOCAM Shareholders' approval, annual review and reporting requirements under Chapter 14A of the Listing Rules.

Mr. Anthony Griffiths, an independent non-executive director of SOCAM, is beneficially interested in 15,000 SOL Shares, representing approximately 0.0003% of issued share capital of SOL.

SOL Independent Board Committee has been established to advise the SOL Shareholders in respect of the Continuing Connected Transactions and an independent financial adviser will be retained to advise the SOL Independent Board Committee and the Independent SOL Shareholders. A circular containing further information on the Continuing Connected Transactions will be despatched to the SOL Shareholders as soon as practicable.

SOCAM Independent Board Committee has been established to advise the SOCAM Shareholders in respect of the Continuing Connected Transactions and an independent financial adviser will be retained to advise the SOCAM Independent Board Committee and the Independent SOCAM Shareholders. A circular containing further information on the Continuing Connected Transactions will be despatched to the SOCAM Shareholders as soon as practicable.

## **GENERAL INFORMATION**

SOL is one of the leading property developers in the PRC. SOL 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.

SOCAM Group is principally engaged in property development, asset management, cement production, construction, investment in property development and venture capital investment in Hong Kong and the PRC.

SSOC is the construction arm of SOCAM in the PRC and is principally engaged in building construction.

## DEFINITIONS

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

“associate(s)”, “connected person(s)”, “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“Construction Services”	the provision by SSOC to SOL and/or its subsidiaries of construction services, including but not limited to civil engineering, electrical work and fitting out work for building construction, and decoration and renovation work, all in respect of property development projects in the PRC;
“Continuing Connected Transactions”	the transactions contemplated under the Framework Agreement as supplemented by the Supplemental Agreement;
“Framework Agreement”	the framework agreement dated 4 June 2006 entered into between SSOC and SOL in respect of the provision of the Construction Services;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Independent SOCAM Shareholders”	SOCAM Shareholders, other than Mr. Lo and his associates;
“Independent SOL Shareholders”	SOL Shareholders, other than Mr. Lo and his associates (including but without limitation to SOCAM);
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Lo”	Mr. Lo Hong Sui, Vincent;
“PRC”	People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong and the Macau Special Administrative Region;
“RMB”	Renminbi, the lawful currency of the PRC;
“SOCAM”	Shui On Construction and Materials Limited, a company incorporated in Bermuda whose securities are listed on the Stock Exchange (Stock code: 983);

“SOCAM Group”	SOCAM and its subsidiaries;
“SOCAM Independent Board Committee”	the committee of the board comprising Mr. Gerrit de Nys and Ms. Li Hoi Lun, Helen, each being independent non-executive director of SOCAM, formed to advise SOCAM Shareholders on whether the terms and conditions of the Supplemental Agreement are fair and reasonable;
“SOCAM Independent Financial Adviser”	the independent financial adviser to be retained by SOCAM to advise the SOCAM Independent Board Committee and the Independent SOCAM Shareholders on the Supplemental Agreement;
“SOCAM Shareholders”	holders of SOCAM Shares;
“SOCAM Shares”	ordinary shares of nominal value HK\$1.00 each in the capital of SOCAM;
“SOL”	Shui On Land Limited, a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange (Stock code: 272);
“SOL Group”	SOL and its subsidiaries;
“SOL Independent Board Committee”	the committee of the board comprising Dr. Cheng Wai Kin, Edgar, Professor Gary C. Biddle and Dr. Roger L. McCarthy, each being independent non-executive director of SOL, formed to advise SOL Shareholders on whether the terms and conditions of the Supplemental Agreement are fair and reasonable;
“SOL Independent Financial Adviser”	the independent financial adviser to be retained by SOL to advise the SOL Independent Board Committee and the Independent SOL Shareholders on the Supplemental Agreement;
“SOL Shareholders”	holders of SOL Shares;
“SOL Shares”	ordinary shares of nominal value US\$0.0025 each in the capital of SOL;
“SSOC”	瑞安建築有限公司 (Shui On Construction Co., Ltd.) (formerly known as 上海瑞安建築有限公司 (Shanghai Shui On Construction Co., Ltd.)), a 70% owned subsidiary of SOCAM;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Agreement”	the supplemental agreement to the Framework Agreement dated 15 December 2008 entered into between SSOC and SOL; and
“%”	per cent.

By Order of the Board  
**Shui On Land Limited**  
**Lo Hong Sui, Vincent**  
*Chairman*

By Order of the Board  
**Shui On Construction and Materials Limited**  
**Lo Hong Sui, Vincent**  
*Chairman*

Hong Kong, 15 December 2008

*At the date of this announcement, the executive directors of SOL are Mr. Lo Hong Sui, Vincent (Chairman and Chief Executive Officer), Mr. Wong Hak Wood, Louis and Mr. Lee Tse Sang, Aloysius; the non-executive director of SOL is The Honourable Leung Chun Ying; and the independent non-executive directors of SOL are Sir John R. H. Bond, Dr. Cheng Wai Kin, Edgar, Dr. Fung Kwok Lun, William, Professor Gary C. Biddle, Dr. Roger L. McCarthy and Mr. David J. Shaw.*

*At the date of this announcement, the executive directors of SOCAM are Mr. Lo Hong Sui, Vincent, Mr. Choi Yuk Keung, Lawrence, Mr. Wong Yuet Leung, Frankie, Ms. Lau Jeny and Mrs. Lowe Hoh Wai Wan, Vivien; the non-executive director of SOCAM is Professor Michael Enright; and the independent non-executive directors of SOCAM are Mr. Anthony Griffiths, Mr. Gerrit de Nys and Ms. Li Hoi Lun, Helen.*

*\* For identification purposes only*