



瑞安房地產
SHUI ON LAND

Shui On Land Limited
瑞安房地產有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 272)

CLARIFICATION ANNOUNCEMENT

The board of directors (the “Board”) of Shui On Land Limited (the “Company”) has noted that there is a newspaper article today reporting on a cross currency interest rate swap arrangement (the “Contract”) that the Company and its subsidiaries (collectively the “Group”) have entered into.

The Board wishes to confirm that save for the Contract and certain interest rate swaps already disclosed in its Interim Report 2008, the Group does not have any other financial derivative agreements in place.

The Board also wishes to clarify that, as already disclosed in the Interim Report 2008 of the Company, the Contract has been terminated during the six months ended 30 June 2008. As further disclosed in the Interim Report 2008, the fair value loss under the Contract for the six months ended 30 June 2008 was RMB158 million, which had been deferred in equity as hedge reserve during the period. Upon settlement of the interest and principal of the US\$375 million senior notes due on 12 October 2008 (the “Senior Notes”), the balance of the related hedge reserve was approximately RMB125 million. Such balance, after netting off exchange gain of approximately RMB10 million arising from the Senior Notes, is expected to be recognized as an expense in the amount of approximately RMB115 million in the consolidated income statement of the Group in the second half of 2008, subject to review by the auditor.

The Board further clarifies that the Senior Notes was repaid by using internal resources, loan facilities from relationship banks and loan facilities from the majority shareholder at market lending rates.

As at the current date, the Group has in place interest rate swaps under which the Group pays interest at fixed rates and receives interest at variable rates based on notional amounts aggregating HK\$4,581 million. These swaps have been entered into to hedge the Group’s exposure to fluctuation in interest rates on certain bank loans, which carry variable interest rates. The fair value changes arising from these interest rate swaps will be dealt with through the related hedge reserve and therefore are not expected to have any material adverse effects on the future results and financial positions of the Group. Details of these interest rate swaps have been disclosed in the Interim Report 2008.

This announcement is made by the Company on a voluntary basis.

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

Hong Kong, 22 October 2008

At the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman and Chief Executive Officer), Mr. Louis H. W. WONG and Mr. Aloysius T. S. LEE; 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*