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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

Supplemental Agreement in relation to the Framework Construction Agreement for Dalian Tiandi • Software Hub

Reference is made to the announcement of the Company dated 7 August 2008 (the “**Previous Announcement**”) relating to the continuing connected transactions under the Framework Construction Agreement dated 7 August 2008 entered into between Richcoast (a subsidiary of the Company by holding 61.54% of its issued share capital) and Yida (the “**Original Agreement**”).

Richcoast has entered into a supplemental agreement in relation to the Original Agreement dated 17 July 2009 (the “**Supplemental Agreement**”) with Yida, whereby the term of the Original Agreement shall end on 31 December 2011 instead of 31 December 2010.

In relation to the total annual amount payable by Richcoast Group to Yida Group for the Construction Services provided by Yida Group in accordance with the Original Agreement, the relevant Annual Caps for the two years ending 31 December 2010 as disclosed in the Previous Announcement are considered to be no longer sufficient. Accordingly, the Company seeks to revise such Annual Caps for the two years ending 31 December 2010 and to set the new Annual Cap for the year ending 31 December 2011.

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. Therefore, the transactions contemplated under the Original Agreement as supplemented by the Supplemental Agreement constitute continuing connected transactions of the Company. Since the relevant percentage ratios (other than the profits ratio) under the Listing Rules in respect of the Continuing Connected Transactions exceed 2.5%, the Continuing Connected Transactions and the revised and the new Annual Caps are subject to the reporting, announcement and independent shareholders’ approval requirements under the Listing Rules.

An independent board committee of the Company has been established to advise the independent Shareholders of the Company, and an independent financial adviser will be retained to advise the independent board committee and the independent Shareholders of the Company in relation to the terms of the Supplemental Agreement and the Continuing Connected Transactions.

A circular containing, among other things, further details of the Supplemental Agreement and the Continuing Connected Transactions, 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 will be despatched to the Shareholders as soon as practicable.

Reference is made to the Previous Announcement relating to the continuing connected transactions under the Original Agreement 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. Such site formation and construction works include excavation and/or filing, clearance of the construction site, removal of the construction garbage, setting up drainage system and construction of the main structures of the Land. Pursuant to the Original Agreement, the parties may from time to time enter into agreements relating to Construction Services. Detailed terms of such agreements, include 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.

Richcoast has entered into the Supplemental Agreement with Yida, whereby the term of the Original Agreement shall end on 31 December 2011 instead of 31 December 2010.

1. THE SUPPLEMENTAL AGREEMENT

Date: 17 July 2009

Parties: Richcoast
Yida

Principal Term: To extend the term of the Original Agreement so that it shall end on 31 December 2011 instead of 31 December 2010. The Original Agreement as supplemented by the Supplemental Agreement shall cover three years ending 31 December 2011.

2. ANNUAL CAPS

In relation to the total annual amount payable by Richcoast Group to Yida Group for the Construction Services provided by Yida Group in accordance with the Original Agreement, the Annual Caps for the two years ending 31 December 2010 as disclosed in the Previous Announcement are considered to be no longer sufficient. Therefore, the Company seeks to revise such Annual Caps for the two years ending 31 December 2010 and to set the new Annual Cap for the year ending 31 December 2011 as follows:

	2009	2010	2011
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
The existing Annual Caps	91,400,000	91,400,000	—
The new Annual Caps	200,000,000	250,000,000	250,000,000

In determining the revised and the new Annual Caps, the Directors of the Company have taken into account the latest development plan, the estimated site formation and construction works progress on the Land and the quality, capability and the scope of services that can be provided by Yida Group as compared with other contractors of similar rank.

The total amount paid or payable by Richcoast Group to Yida Group for the Construction Services for the six months ended 30 June 2009 is approximately RMB27.11 million. Richcoast Group is in discussion with Yida Group on several material agreements in relation to Construction Services and it is anticipated that the total annual amount payable by the Richcoast Group for the Continuing Connected Transactions will exceed the existing Annual Caps for the two years ending 31 December 2009 and 31 December 2010.

Under the current planning, the Group will expedite the progress on the development of Dalian Tiandi • Software Hub. The Directors are of the view that, in terms of the strength, expertise and experience of Yida Group in large-scale integrated project development and based on the Group's smooth and close working experience with Yida Group in the past, Yida is one of the few competent contractors which has adequate capacity and strong local experience to cope with the Group's expedited development in Dalian.

3. REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT AND RENEWAL OF ANNUAL CAPS

In light of the current development of the Dalian Tiandi • Software Hub at the Land, more site formation and construction works are expected to be taken. The Directors consider that the entering into the Supplemental Agreement allows the Group to potentially accelerate the development schedules and enjoy the resulting economic benefits, this is in line with the commercial objectives of the Group.

The Directors (including the independent non-executive Directors) consider that the revised and the new Annual Caps and the terms of the Supplemental Agreement are fair and reasonable and on normal commercial terms, and that the Continuing Connected Transactions are in the interest 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. Therefore, the transactions contemplated under the Original Agreement (as supplemented by the Supplemental Agreement) constitute continuing connected transactions of the Company.

Since the applicable relevant percentage ratios (other than the profits ratio) as defined in Rule 14A.10 of the Listing Rules in respect of the Original Agreement as supplemented by the Supplemental Agreement exceed 2.5%, the Continuing Connected Transactions and the revised and the new Annual Caps are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

An independent board committee of the Company has been established to advise the independent Shareholders, and an independent financial adviser will be appointed to advise the independent board committee and the independent Shareholders in relation to the terms of the Supplemental Agreement and the Continuing Connected Transactions.

A circular containing, among other things, further details of the Supplemental Agreement and the Continuing Connected Transactions, 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 will be despatched to the Shareholders as soon as practicable.

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 the 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:

“associate” , “connected person(s)” , “subsidiary” , “substantial shareholder”	each has the meaning ascribed to it in the Listing Rules;
“Annual Cap(s)”	the maximum annual fees payable by the Richcoast Group to the Yida Group for the Continuing Connected Transactions;
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on The Stock Exchange of Hong Kong Limited;
“Construction Services”	the services to be provided by Yida Group to Richcoast Group under the Original Agreement as supplemented by the Supplemental Agreement, including but not limited to the excavation and/or filing, clearance of the construction site, removal of the construction garbage, setting up drainage system and construction of the main structures of the Land;

“Continuing Connected Transactions”	continuing connected transactions entered into or to be entered into between Richcoast Group and Yida Group in relation to the Construction Services;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Land”	the 23 plots of land at Dalian Tiandi • Software Hub with a total area of approximately 6,790,500 square metres;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Original Agreement”, “Previous Announcement”, “Supplemental Agreement”	each has the meaning ascribed to it in the summary box of this announcement;
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan area;
“Richcoast”	Richcoast Group Limited, a company incorporated in the British Virgin Islands and held as to 61.54% by the Group, as to 10.26% by Yida Group and as to 28.2% by Main Zone Group Limited, a wholly-owned subsidiary of Shui On Construction and Materials Limited;
“Richcoast Group”	Richcoast and its subsidiaries;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	holders of shares of the Company;
“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, 17 July 2009

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*