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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 relating to the Services Agreement for the property development in Lots 107 and 108, Taipingqiao

On 1 January 2007, Li Xing and SOD entered into the Original Agreement pursuant to which SOD agreed to provide the Services to Li Xing in respect of the property development of the Project.

On 24 December 2009, SOI acquired 100% equity interest of Li Xing. SOI is an associate of Mr. Lo who is a director, the Chairman and Chief Executive Officer of the Company in which he has an interest of approximately 50.08% in its issued share capital. Mr. Lo is a connected person of the Company, and therefore Li Xing became an associate of a connected person of the Company after SOI had completed the acquisition of 100% equity interest of Li Xing. Accordingly, the transactions contemplated under the Original Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The continuing connected transactions for the Services provided by SOD to Li Xing for the period from 24 December 2009 to 31 December 2009 fell within the de minimus exemption under Chapter 14A of the Listing Rules. Given the duration of the Original Agreement is more than 3 years, Li Xing and SOD entered into the Supplemental Agreement on 18 January 2010 to restrict the term of the Original Agreement to not more than 3 years in compliance with the requirement under Rule 14A.35(1) of the Listing Rules.

As the applicable relevant percentage ratios (other than the profits ratio) defined in Rule 14A.10 of the Listing Rules in respect of the Continuing Connected Transactions are more than 0.1% but less than 2.5%, the Continuing Connected Transactions are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under the Listing Rules.

THE SUPPLEMENTAL AGREEMENT

Date

18 January 2010

Parties

- (1) Li Xing; and
- (2) SOD

Major Terms

To restrict the term of the Original Agreement to not more than 3 years which shall expire on the date falling the earlier of (a) 31 December 2012; or (b) two years after the date of issuance of the Substantial Completion Certificate for Works (as defined in the Agreement & Schedule of Conditions of Building Contract for use in HKSAR 2005 Edition) of the Project, unless otherwise determined by the Original Agreement.

ANNUAL CAPS

It is proposed that the Annual Caps for each of the three financial years ending 31 December 2012 are as follows:

	2010	2011	2012
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Annual Caps	20,000,000	10,000,000	5,000,000

The Annual Caps are determined by reference to the internal projection of the Consideration to be incurred with regard to (i) the amounts of approximately RMB600,000, RMB10,000,000 and RMB12,000,000 paid/payable by Li Xing to SOD under the Original Agreement for the three years ended 31 December 2007, 31 December 2008 and 31 December 2009 respectively; (ii) the latest development plan of the Project; (iii) the expected increase in construction works of the Project for the three years ending 31 December 2012; (iv) the prevailing market rates with respect to the Services; and (v) inflation.

REASON FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

Given the duration of the Original Agreement is more than 3 years, Li Xing and SOD entered into the Supplemental Agreement on 18 January 2010 to restrict the term of the Original Agreement to not more than 3 years in compliance with the requirement under Rule 14A.35(1) of the Listing Rules.

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

IMPLICATIONS OF THE LISTING RULES

Mr. Lo is a director, the Chairman and Chief Executive Officer of the Company in which he has an interest of approximately 50.08% in its issued share capital. Mr. Lo is therefore a connected person of the Company. On 24 December 2009, SOI acquired 100% equity interest of Li Xing. SOI is an associate of Mr. Lo and therefore Li Xing became an associate of a connected person of the Company after SOI had completed the acquisition of 100% equity interest of Li Xing. Accordingly, the transactions contemplated under the Original Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The continuing connected transactions for the Services provided by SOD to Li Xing for the period from 24 December 2009 to 31 December 2009 fell within the de minimus exemption under Chapter 14A of the Listing Rules.

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 Continuing Connected Transactions are more than 0.1% but less than 2.5%, the Continuing Connected Transactions and the Annual Caps are subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirements under the Listing Rules.

GENERAL INFORMATION

The Company, through its subsidiaries and associates, is one of the leading property developers in the PRC. It 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.

Li Xing holds the Project in Shanghai, the PRC.

DEFINITIONS

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

“Annual Caps”	the maximum aggregate annual Consideration payable by Li Xing to SOD under the Original Agreement as amended by the Supplemental Agreement;
“associate”, “connected person(s)”, “subsidiary”	each has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on The Stock Exchange of Hong Kong Limited;
“Consideration”	the consideration payable by Li Xing to SOD in performing the Services which shall be on an actual reimbursement basis, such fees shall include but not limited to, staff salaries and benefits, fixed asset cost, utilities charges, expenses for public relation work, administrative charges and other sundry expenses reasonably and properly incurred by SOD in performing the Services;
“Continuing Connected Transactions”	continuing connected transactions to be entered into between Li Xing and SOD in relation to the provision of the Services under the Original Agreement as amended by the Supplemental Agreement;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;

“Li Xing”	Shanghai Li Xing Hotel Company Limited, a wholly foreign owned enterprise organised and existing under the laws of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Mr. Lo”	Mr. Vincent H. S. LO;
“Original Agreement”	the services agreement dated 1 January 2007 entered into between Li Xing and SOD in relation to the provision of the Services;
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan area;
“Project”	the development at Lots 107 and 108 which are located in Taipingqiao Area, Luwan District, Shanghai, the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“Services”	the services provided or to be provided by SOD to Li Xing under the Original Agreement, including but not limited to, construction management and construction site office administration for the Project owned by Li Xing;
“Shareholders”	holders of shares of the Company;
“SOD”	Shanghai Shui On Development Limited, a wholly foreign owned enterprise organised and existing under the laws of the PRC, and an indirect wholly-owned subsidiary of the Company;
“SOF”	Shui On Investment Company Limited, a company incorporated under the laws of Hong Kong;
“Supplemental	The supplemental agreement dated 18 January

Agreement”

2010 entered into between Li Xing and SOD to revise the terms of the Original Agreement; and

“0%”

percent.

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

Hong Kong, 18 January 2010

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