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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)

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF LAND IN WUJIAOCHANG, YANGPU DISTRICT, SHANGHAI IN RELATION TO THE KIC PROJECT

The Board is pleased to announce that on 5 March 2010, Top Victory (which is a wholly owned subsidiary of the Company) together with SYKIZ have made a successful bid for the Land located in Yangpu District, Shanghai, the PRC at a price of RMB1,263,810,000. Top Victory and SYKIZ agree to establish a joint venture company which shall be owned as to 99% by Top Victory and as to 1% owned by SYKIZ for the purpose of, *inter alia*, holding and developing the Land.

As the relevant percentage ratios defined in Rule 14.07 of the Listing Rules in respect of the Land Transaction are more than 5% but less than 25%, the Land Transaction constitutes a discloseable transaction of the Company. SYKIZ is a connected person of the Company by virtue of its approximately 13.2% shareholding interest in KIC, which is a non-wholly owned subsidiary of the Company. Therefore, the Land Transaction also constitutes a connected transaction of the Company. Since the applicable percentage ratios (other than the profits ratio) under Chapter 14A of the Listing Rules exceed 2.5% and the total financial commitment payable by the Group is more than HK\$10 million, the Land Transaction is subject to the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited, a closely allied group of Shareholders, each being a subsidiary of Shui On Company Limited, holds 1,034,000,000 shares, 1,044,696,452 shares and 435,678,793

shares of the Company respectively. Together, they hold approximately 50.06% of the entire issued share capital of the Company at the date of this announcement. Since none of the Shareholders is required to abstain from voting on the Land Transaction, written approvals of Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited have been obtained for the purpose of approving the Land Transaction in lieu of an approval from the independent Shareholders of the Company at a Shareholders' meeting pursuant to Rule 14A.43 of the Listing Rules.

An application has been made by the Company to the Stock Exchange for a waiver of the requirement for the Company to hold a Shareholders' meeting in accordance with Rule 14A.43 of the Listing Rules, on the basis that the Land Transaction has been approved by a written approval of a closely allied group of Shareholders.

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 appointed to advise the independent board committee and the independent Shareholders of the Company in relation to the Land Transaction.

A circular containing, among other things, further details of the Land Transaction, 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 of the Company will be despatched to the Shareholders as soon as practicable.

INTRODUCTION

The Board is pleased to announce that on 5 March 2010, Top Victory (which is a wholly owned subsidiary of the Company) together with SYKIZ as the bidders have made a successful bid for the Land located in Yangpu District, Shanghai, the PRC at a price of RMB1,263,810,000. On 5 March 2010, Top Victory and SYKIZ entered into the Confirmation Agreement with the Land Exchange Center confirming the successful bid for the Land. Top Victory and SYKIZ agree to establish a joint venture company which shall be owned as to 99% by Top Victory and as to 1% owned by SYKIZ for the purpose of, *inter alia*, holding and developing the Land pursuant to the terms of the Cooperation Agreement.

CONFIRMATION AGREEMENT

Date : 5 March 2010

Parties : (a) the Purchasers as the purchasers; and
(b) the Land Exchange Center as the tenderer.

Consideration : RMB1,263,810,000 to be borne by Top Victory and SYKIZ in the ratio of 99:1.

The total consideration amount was the outcome of the public bidding held by the Land Exchange Center on 5 March 2010 which was conducted in accordance with the relevant PRC laws and regulations. The total consideration represents the minimum starting bid price of RMB1,263,810,000 for the Land as quoted in the Tender Notice and Conditions.

Details of the payment terms shall be governed by the land transfer agreement and the ancillary documents relating to the Acquisition. The Group's share of the consideration will be funded from its internal resources and bank borrowings.

Major terms : To confirm the Acquisition according to the terms set out in the Tender Notice and Conditions and the use of Land for residential, commercial, offices and any other purposes determined and approved by the relevant regulatory authorities from time to time.

LAND DEVELOPMENT THROUGH THE PROJECT COMPANY

Following the Acquisition, Top Victory and SYKIZ will establish a joint venture company which shall be owned as to 99% by Top Victory and as to 1% owned by SYKIZ for the purpose of, *inter alia*, holding and developing the Land in accordance with the terms of the Cooperation Agreement.

It was also agreed between Top Victory and SYKIZ that, among other things, (i) the total financial commitment for the Land development will be funded by Top Victory and SYKIZ on a 99:1 ownership basis; and (ii) in the event that working capital is required for the Land development, such capital requirement will be contributed by Top Victory and SYKIZ in proportion to their respective shareholding interest in the Project Company.

Pursuant to the Tender Notice and Conditions, the Group is required to build on the Land a management school campus of international standard, and upon the completion of the construction of the management school, the Group is obliged to transfer the campus building to Yangpu District government.

REASONS FOR THE LAND TRANSACTION

The Land is adjacent to the existing KIC Project and aligns well with the Group's business model and core competence in developing large scale multiphase integrated property projects. The Directors believe that the Acquisition is a good investment opportunity for the Group to broaden its asset and earning base and to complete the master plan of the KIC Project.

The Directors (including the independent non-executive Directors) consider that the Land Transaction is entered into in the ordinary and usual course of business of the Group. The terms of the Land Transaction were agreed on normal commercial terms and are fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the relevant percentage ratios defined in Rule 14.07 of the Listing Rules in respect of the Land Transaction are more than 5% but less than 25%, the Land Transaction constitutes a discloseable transaction of the Company. SYKIZ is a connected person of the Company by virtue of its approximately 13.2% shareholding interest in KIC, which is a non-wholly owned subsidiary of the Company. Therefore, the Land Transaction also constitutes a connected transaction of the Company. Since the applicable percentage ratios (other than the profits ratio) under Chapter 14A of the Listing Rules exceed 2.5% and the total financial commitment payable by the Group is more than HK\$10 million, the Land Transaction is subject to the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited, a closely allied group of Shareholders, each being a subsidiary of Shui On Company Limited, holds 1,034,000,000 shares, 1,044,696,452 shares and 435,678,793 shares of the Company respectively. Together, they hold approximately 50.06% of the entire issued share capital of the Company at the date of this announcement. Since none of the Shareholders is required to abstain from voting on the Land Transaction, written approvals of Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited have been obtained for the purpose of approving the Land Transaction in lieu of an approval from the independent Shareholders of the Company at a Shareholders' meeting pursuant to Rule 14A.43 of the Listing Rules.

An application has been made by the Company to the Stock Exchange for a waiver of the requirement for the Company to hold a Shareholders' meeting in accordance with Rule 14A.43 of the Listing Rules, on the basis that the Land Transaction has been approved by a written approval of a closely allied group of Shareholders.

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 appointed to advise the independent board committee and the independent Shareholders of the Company in relation to the Land Transaction.

A circular containing, among other things, further details of the Land Transaction, 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 of the Company will be despatched to the Shareholders as soon as practicable.

GENERAL INFORMATION

The Group 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.

SYKIZ is an investment holding company and currently holds approximately 13.2% equity interest in KIC.

The Seller manages the land resources and the purposes of land use to cope with the urban development planning of Yangpu District, Shanghai, PRC.

The main functions of the Land Exchange Center is to register land transactions and to conduct tenders, auctions and public quotations relating to land use rights transactions in Shanghai, PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Seller and the Land Exchange Center and their respective ultimate beneficial owner are third parties independent of the Company and its connected persons.

DEFINITIONS

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

“Acquisition”	the successful bidding for the acquisition of the land use rights of the Land by the Purchasers on 5 March 2010;
“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;
“Confirmation Agreement”	the agreement dated 5 March 2010 between the Purchasers and the Land Exchange Center relating to the Acquisition;

“Cooperation Agreement”	the agreement dated 10 February 2010 between Top Victory and SYKIZ relating to, <i>inter alia</i> , the establishment of the Project Company upon the successful bidding for the acquisition of the land use rights of the Land;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“KIC”	Shanghai Yangpu Centre Development Co., Ltd., a company established under the laws of the PRC which is a non-wholly owned subsidiary of the Company;
“KIC Project”	the project of Knowledge and Innovation Community which is jointly developed by the Yangpu Government and the Group;
“Land”	a piece of land located at south of Zheng Li Road and west of Song Hu Road, Wujiaochang, Yangpu District, Shanghai, the PRC, (中國上海市楊浦區五角場街道311街坊地塊) with a saleable area of approximately 78,150.5 square metres, while the estimated developable GFA will be approximately 159,579 square metres;
“Land Exchange Center”	Shanghai Real Estate Trading Center (上海市房地產交易中心) in Shanghai, the PRC.;
“Land Transaction”	the Acquisition and the establishment of the Project Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan area;

“Project Company”	the joint venture company to be established for holding and developing the Land, which shall be owned as to 99% by Top Victory and as to 1% owned by SYKIZ;
“Purchasers”	Top Victory and SYKIZ;
“RMB”	Renminbi, the lawful currency of the PRC;
“Seller”	the Yangpu District unit of Shanghai Municipal Bureau of Planning and Land Resources (上海市楊浦區規劃和土地管理局);
“Shareholders”	holders of ordinary shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“SYKIZ”	Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd., a company established under the laws of the PRC;
“Tender Notice and Conditions”	the tender notice and conditions (國有建設用地使用權掛牌出讓須知) published by the Seller in relation to the bidding of the Land;
“Top Victory”	Top Victory Development Limited, a company incorporated under the laws of Hong Kong which is wholly owned by the Company; and
“%”	percent.

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

Hong Kong, 5 March 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*