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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)

CONNECTED TRANSACTION

Receipt of Guarantee Fee in relation to the Shanghai Rui Hong Xin Cheng Project

References are made to the announcement dated 19 May 2008 and the circular dated 26 June 2008 of the Company in relation to the provision of the joint and several Guarantee by the Company and SOD to facilitate the borrowing of bank loans of up to the equivalent of approximately RMB1,180 million (approximately HK\$1,341 million)^(Note 1) by the Borrowers from the Lenders for the purpose of financing the construction and development costs of the Shanghai RHXC Project.

On 15 January 2010, the Lenders agreed to renew and increase the amount of the Loan Facilities from RMB1,180 million (approximately HK\$1,341 million)^(Note 1) to the equivalent of approximately RMB1,651 million (approximately HK\$1,876 million). The Company agreed to renew and amend the terms of the Guarantee and became the sole guarantor for securing the Borrowers' payment obligations due under the Renewed Loan Facilities upon the terms and conditions set out in the refinancing agreements of the Renewed Loan Facilities.

In consideration of the Company agreeing to provide the Renewed Guarantee, on 1 June 2010, EPL agreed to pay a Guarantee Fee to the Company in accordance with the terms as stipulated in the Agreement and the Guarantee Fee is assessed with reference to (a) the fair value rate determined by an independent valuer by reference to the difference in interest rates of the Renewed Loan Facilities that would have been applicable if the Company did not give the Renewed Guarantee; (b) the Renewed Loan Facilities; and (c) EPL's current 25% shareholding in FPL. The amount of the Guarantee Fee is about RMB19.6 million (approximately HK\$22.3 million).

As EPL is a substantial shareholder of FPL, a subsidiary of the Company for the purposes of the Listing Rules, EPL is a connected person of the Company. Therefore, the Guarantee Fee payable by EPL to the Company constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the Guarantee Fee are more than 0.1% but less than 2.5%, the Guarantee Fee is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under the Listing Rules.

PROVISION OF GUARANTEE FOR THE BENEFIT OF THE FPL GROUP

References are made to the announcement dated 19 May 2008 and the circular dated 26 June 2008 of the Company in relation to the provision of the joint and several Guarantee by the Company and SOD to facilitate the borrowing of bank loans of up to the equivalent of approximately RMB1,180 million (approximately HK\$1,341 million)^(Note 1) by the Borrowers from the Lenders for the purpose of financing the construction and development costs of the Shanghai RHXC Project.

On 20 June 2006, the Company and SOD entered into a guarantee with SCB (as agent) pursuant to which the Company and SOD agreed to provide the Guarantee to facilitate the making of loans by a consortium of banks to the FPL Group.

On 19 May 2008, SOD entered into a sale and purchase agreement with WCL pursuant to which WCL would acquire 25% equity interest in FPL. In consideration of the Company and SOD agreeing to continue the Guarantee, WCL agreed to pay a guarantee fee to SOD.

On or about 29 December 2008, WCL transferred all its interest in FPL to EPL.

On 15 January 2010, the Lenders agreed to renew and increase the amount of the Loan Facilities from RMB1,180 million (approximately HK\$1,341 million)^(Note 1) to the equivalent of approximately RMB1,651 million (approximately HK\$1,876 million), and the Company agreed to renew and amend the terms of the Guarantee and became the sole guarantor for securing the Borrowers' payment obligations due under the Renewed Loan Facilities upon the terms and conditions set out in the refinancing agreements of the Renewed Loan Facilities.

In consideration of the Company agreeing to provide the Renewed Guarantee, on 1 June 2010, EPL agreed to pay a Guarantee Fee to the Company in accordance with the terms as stipulated in the Agreement and the Guarantee Fee is assessed with reference to (a) the fair value rate determined by an independent valuer by reference to the difference in interest rates of the Renewed Loan Facilities that would have been applicable if the Company did not give the Renewed Guarantee; (b) the Renewed Loan Facilities; and (c) EPL's current 25% shareholding in FPL. The amount of the Guarantee Fee is about RMB19.6 million (approximately HK\$22.3 million).

REASONS FOR THE AGREEMENT

The Directors consider that the Renewed Guarantee has facilitated the obtaining of the bank loans for financing the development of the Shanghai RHXC Project. The Directors (including the independent non-executive Directors) consider that the terms of the Agreement are agreed on normal commercial terms after arm’s length negotiations between the parties, and that the Agreement is not in the ordinary and usual course of business of the Company but is fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As EPL is a substantial shareholder of FPL, a subsidiary of the Company for the purposes of the Listing Rules, EPL is a connected person of the Company. Therefore, the Guarantee Fee payable by EPL to the Company constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the Guarantee Fee are more than 0.1% but less than 2.5%, the Guarantee Fee is subject to the reporting and announcement requirements but exempt from the independent shareholders’ approval requirement 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.

The principal business activity of EPL is investment holding.

DEFINITIONS

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

- “**Agreement**” the agreement dated 1 June 2010 between EPL, SOD and the Company relating to the Guarantee Fee;
- “**associate**”,
“**connected person(s)**”,
“**subsidiary**” each has the meaning ascribed to it in the Listing Rules;
- “**Board**” the board of Directors;

“Borrowers”	Shanghai Rui Hong Xin Cheng Co., Ltd. and Hollyfield Holdings Limited (which are members of the FPL Group) as borrowers of the Loan Facilities and the Renewed Loan Facilities;
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange;
“Directors”	the directors of the Company;
“EPL”	Elegant Partners Limited, a company incorporated under the laws of the British Virgin Islands, which has 25% shareholding interest in FPL;
“FPL”	Foresight Profits Limited, a company incorporated under the laws of the British Virgin Islands which is a subsidiary of the Company;
“FPL Group”	FPL and its subsidiaries;
“Group”	the Company and its subsidiaries;
“Guarantee”	the guarantee dated 20 June 2006 entered into between the Company and SOD in favour of SCB (as agent) for securing the payment obligations of the Borrowers under the Loan Facilities;
“Guarantee Fee”	the guarantee fee payable by EPL to the Company in consideration of the Company agreeing to provide the Renewed Guarantee for the purpose of obtaining the Renewed Loan Facilities;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Lenders”	a consortium of banks which has the meaning ascribed to it in the facility agreement dated 20 June 2006 relating to the Loan Facilities;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Loan Facilities”	the term loan facilities of up to the equivalent of approximately RMB1,180 million (approximately HK\$1,341 million) ^(Note 1) granted by the Lenders to the Borrowers on 20 June 2006;
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan area;
“RMB”	Renminbi, the lawful currency of the PRC;
“Renewed Guarantee”	the Guarantee as amended and restated by certain refinancing agreements in relation to the Renewed Loan Facilities;
“Renewed Loan Facilities”	the renewed Loan Facilities of up to the equivalent of approximately RMB1,651 million (approximately HK\$1,876 million) granted by the Lenders to the Borrowers on 15 January 2010;
“SCB”	Standard Chartered Bank (China) Limited, Shanghai Branch;
“Shanghai RHXC Project”	the Rui Hong Xin Cheng project in Hongkou District, Shanghai, PRC which is owned by Shanghai Rui Hong Xin Cheng Co., Ltd., a limited liability company organized and existing under the laws of the PRC;
“Shareholders”	holders of ordinary shares of the Company;
“SOD”	Shui On Development (Holding) Limited, a company incorporated under the laws of the Cayman Islands and a wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“WCL”	Winnington Capital Limited, a company incorporated under the laws of Hong Kong; and
“%”	percent.

Notes:

- 1. The aggregate amount of the Loan Facilities was restated at the exchange rate of HK\$1.00 = RMB0.88 instead of HK\$1.00 = RMB0.896 as used in the Company's announcement dated 19 May 2008 and the circular dated 26 June 2008.*
- 2. Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is translated to HK\$ at the exchange rate of HK\$1.00 = RMB0.88. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates or at all.*

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

Hong Kong, 1 June 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. Louis H. W. WONG and Mr. Daniel Y. K. WAN; 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*