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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)

**PROPOSED ISSUE OF RMB DENOMINATED USD SETTLED 4.50%
CONVERTIBLE BONDS DUE 2015 (WITH AN OPTION FOR THE
ISSUE OF FURTHER RMB DENOMINATED USD SETTLED 4.50%
CONVERTIBLE BONDS DUE 2015)**

Sole Bookrunner and Manager



Standard Chartered Bank

Proposed Issue of RMB Denominated USD Settled 4.50% Convertible Bonds due 2015 (With an Option for the Issue of Further RMB Denominated USD Settled 4.50% Convertible Bonds due 2015)

The Board is pleased to announce that on 7 September 2010, the Company and the Manager have entered into the Subscription Agreement whereby the Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Firm Bonds to be issued by the Company in an initial aggregate principal amount of RMB2,040 million (equivalent to approximately US\$300 million).

In addition, the Company has granted to the Manager the Option to subscribe and pay for, or to procure subscribers to subscribe and pay for, all or any of the Option Bonds up to a further aggregate principal amount of RMB680 million (equivalent to approximately US\$100 million), and the Option shall be exercisable on one or more occasions, in whole or in part, solely at the discretion of the Manager, at any time on or before the 30th day following the Firm Bonds Closing Date.

Based on the initial Conversion Price of HK\$4.87 and assuming full conversion of the Firm Bonds and the Option Bonds at the initial Conversion Price, the Bonds will be convertible into 638,892,813 New Shares (by dividing the principal amount of the Bonds to be converted and translated into Hong Kong dollars at the fixed rate of RMB1.00 = HK\$1.1439) with the initial Conversion Price, representing:

- (i) approximately 12.40% of the existing issued ordinary share capital of the Company as at the date of this announcement; and
- (ii) approximately 11.03% of the ordinary share capital of the Company, as enlarged.

It is intended that the Bonds will be listed on the SGX-ST. An application will be made to the SGX-ST for the listing of the Bonds and the Company will apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Shares.

Equity Swap Transaction

Concurrently with the execution of the Subscription Agreement, the Majority Shareholder Subsidiary has entered into a conditional Equity Swap Agreement with the Equity Swap Counterparty.

General Mandate

The New Shares will be allotted and issued pursuant to the general mandate of the Company granted to the Directors at the annual general meeting held on 27 May 2010 and will rank *pari passu* in all respects with the Shares then in issue on the relevant allotment or conversion date (as applicable). As at the date of this announcement, no Shares has been issued under the General Mandate.

Use of Proceeds

The gross proceeds from the issue of the Bonds will be approximately RMB2,040 million (equivalent to approximately US\$300 million) (assuming no Option Bonds are issued) to RMB2,720 million (equivalent to approximately US\$400 million) (assuming the Option Bonds are issued in full), and the net proceeds from the issue of Bonds will amount to approximately RMB1,962 million (equivalent to approximately US\$289 million) (assuming no Option Bonds are issued) to RMB2,628 million (equivalent to approximately US\$387 million) (assuming the Option Bonds are issued in full).

The Company intends to use the net proceeds from the Bond Issue for funding capital expenditure in connection with its real estate operations, acquiring assets or businesses of related businesses, repaying existing indebtedness and for general corporate and working capital purposes.

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein respectively. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph headed “The Subscription Agreement” below for further information. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

THE SUBSCRIPTION AGREEMENT

- A. Date: 7 September 2010
- B. Parties: The Company as issuer and the Manager as subscriber.
- C. Proposed issue of the Firm Bonds: The Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Firm Bonds to be issued by the Company in an initial aggregate principal amount of RMB2,040 million (equivalent to approximately US\$300 million).

D. Option to issue Option Bonds:

The Company has granted to the Manager the Option to subscribe for all or any of the Option Bonds up to a further aggregate principal amount of RMB680 million (equivalent to approximately US\$100 million), and the Option shall be exercisable on one or more occasions, in whole or in part, solely at the discretion of the Manager, at any time on or before the 30th day following the Firm Bonds Closing Date.

E. Stabilisation:

The Manager or any person acting on its behalf (the “**Stabilising Manager**”) may, to the extent permitted by applicable laws and directives, over-allot and effect transactions with a view to support the market price of the Bonds and/or the Shares at a level higher than that which might otherwise prevail, but in doing so the Stabilising Manager shall act as principal and not as agent of the Company and any loss resulting from over-allotment and stabilisation will be borne, and any profit arising therefrom shall be beneficially retained, by the Stabilising Manager.

F. Conditions Precedent:

The obligations of the Manager to subscribe and pay for the Bonds are subject to, among others, the following conditions precedent:

1. **Other Contracts:** the execution and delivery (on or before the Firm Bonds Closing Date) of the other contracts, each in a form reasonably satisfactory to the Manager, by the respective parties;
2. **Lock-up:** each of Shui On Investment Company Limited, Shui On Properties Limited, and New Rainbow Investments Limited having executed and delivered a shareholder lock-up undertaking on the date of the Subscription Agreement;

3. **Auditors' Letters:** upon the date hereof and on the Firm Bonds Closing Date and each Option Bonds Closing Date (if any), there having been delivered to the Manager letters, in form and substance satisfactory to the Manager, dated the date hereof in the case of the first letter and dated the Firm Bonds Closing Date and each Option Bonds Closing Date (if any) in the case of the subsequent letters, and addressed to the Manager from Deloitte Touche Tohmatsu, Certified Public Accountants;
4. **Compliance:** at the Firm Bonds Closing Date and each Option Bonds Closing Date (if any):
 - (i) the representations and warranties of the Company in the Subscription Agreement being true, accurate and correct at, and as if made on such date;
 - (ii) the Company having performed all of its obligations under the Subscription Agreement to be performed on or before such date; and
 - (iii) there having been delivered to the Manager a certificate, dated as of such date, of a duly authorised officer of the Company to such effect;

5. **Material Adverse Change:** after the date hereof or, if earlier, the dates as of which information is given in the offering circulars up to and at the Firm Bonds Closing Date and each Option Bonds Closing Date (if any), there not having occurred any change (nor any development or event involving a prospective change), in the financial or business condition, prospects, results of operations or general affairs of the Company or of the Group from that set out in the offering circulars, which, in the opinion of the Manager, is material and adverse in the context of the issue and offering of the Bonds;
6. **Other consents:** on or prior to the Firm Bonds Closing Date there having been delivered to the Manager copies of all consents and approvals (if any) required in relation to the issue of the Bonds and the performance of its obligations under the Trust Deed, the Agency Agreement and the Bonds (including the consents and approvals required from all lenders);
7. **Listing:** (i) the Hong Kong Stock Exchange having agreed to list the New Shares upon conversion of the Bonds and (ii) the SGX-ST having agreed, subject to any conditions reasonably satisfactory to the Manager, to list the Bonds (or, in each case, the Manager being reasonably satisfied that such listing will be granted);

8. **Legal Opinions:** on or before the Firm Bonds Closing Date and each Option Bonds Closing Date (if any), there having been delivered to the Manager opinions, in form and substance satisfactory to the Manager, dated the Firm Bonds Closing Date or each Option Bonds Closing Date, as the case may be, of:

(i) Clifford Chance, legal advisers to the Company as to English law;

(ii) Walkers, legal advisers to the Company as to Cayman Islands law;

(iii) Jin Mao PRC Lawyers, legal advisers to the Company as to the laws of the PRC; and

(iv) Linklaters, legal advisers to the Manager and the Trustee as to English law,

and such other resolutions, consents, authorities and documents relating to the issue of the Bonds, as the Manager may reasonably require; and

9. **Other Events:** after the date hereof there not having occurred any of the events described in the Subscription Agreement.

The Manager may, at its discretion and upon such terms as they think fit waive compliance with the whole or any of the conditions precedent (other than sub-paragraph 1 and 7(i) above).

G. Completion:

Completion of the subscription and issue of the Firm Bonds or Option Bonds (if any) will take place on the Firm Bonds Closing Date or, as the case may be, such Option Bonds Closing Date.

H. Distribution:

The Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds will be offered and sold in an institutional offering outside the United States in reliance on Regulation S of the Securities Act. None of the Bonds will be offered to the public in Hong Kong nor will they be placed to any connected persons of the Company. The Bonds have not been offered or sold and will not be offered or sold in Hong Kong to the public within the meaning of the Companies Ordinance.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Manager is independent third party not connected with the Company or any of its Subsidiaries or any of its respective directors, chief executives or substantial shareholders or any of their respective associates.

The Company will promptly notify the Hong Kong Stock Exchange upon becoming aware of any dealing in the Bonds by any connected person of the Company.

The New Shares will rank *pari passu* in all respects with the Shares then in issue on the relevant conversion date. The issue of the Bonds is not subject to the approval of the Shareholder(s).

I. Lock-up Undertaking:

The Company has agreed in the Subscription Agreement that save for (i) the Bonds and the New Shares issued on conversion of the Bonds, (ii) Shares or options granted pursuant to the Company's publicly disclosed share option scheme, and (iii) bonus issue of Shares to shareholders of the Company and scrip dividend

which provide for allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its articles of associations, neither the Company nor any person acting on its behalf will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Manager (and such consent not to be unreasonably withheld or delayed) between the date hereof and the date which is 90 days after the Firm Bonds Closing Date or (if later) the last Option Bonds Closing Date (both dates inclusive). In addition, the Company shall procure that Shui On Investment Company Limited, Shui On Properties Limited, and New Rainbow Investments Limited shall execute a shareholder lock-up undertaking on the date of the Subscription Agreement.

J. Termination:

The Manager may, by notice to the Company given at any time prior to payment of the net subscription monies for the Firm Bonds or the Option Bonds (if any) to the Company, terminate the Subscription Agreement in any of the following circumstances:

1. if there shall have come to the notice of the Manager any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the Subscription Agreement;
2. if any of the conditions specified in the conditions precedent 7 has not been satisfied or waived by the Manager on or prior to the Firm Bonds Closing Date or the Option Bonds Closing Date, as the case may be;
3. if in the opinion of the Manager (after consultation with the Company to the extent reasonably practicable), there shall have been, since the date of the Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over the counter market) or currency exchange rates or foreign exchange controls such as would in its view, be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market;

4. if, in the opinion of the Manager (after consultation with the Company to the extent reasonably practicable), there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Hong Kong Stock Exchange, the SGX-ST and/or any other stock exchange on which the Company's securities are traded; (ii) a suspension for a period of five trading days (in Hong Kong) or a material limitation in trading in the Company's securities on the Hong Kong Stock Exchange and/or any other stock exchange on which the Company's securities are traded; or (iii) a general moratorium on commercial banking activities in the United States, the PRC, Hong Kong, Singapore and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, the PRC, Hong Kong, Singapore or the United Kingdom;
5. if, in the opinion of the Manager (after consultation with the Company to the extent reasonably practicable), there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in their view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market.

The Directors consider that the terms and conditions of the Subscription Agreement and the Bonds are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

K. Conversion Shares:

Based on the initial Conversion Price of HK\$4.87 and assuming full conversion of the Firm Bonds and the Option Bonds at the initial Conversion Price, the Bonds will be convertible into 638,892,813 New Shares (by dividing the principal amount of the Bonds to be converted and translated into Hong Kong dollars at the fixed rate of RMB1.00 = HK\$1.1439) with the initial Conversion Price, representing:

- (i) approximately 12.40% of the existing issued ordinary share capital of the Company as at the date of this announcement; and
- (ii) approximately 11.03% of the ordinary share capital of the Company, as enlarged.

PRINCIPAL TERMS OF THE BONDS

The principal terms of the Bonds are summarised as follows:

Issuer: Shui On Land Limited

Sole Bookrunner and Manager: Standard Chartered Bank

Principal amount of Firm Bonds: The Firm Bonds and the Option Bonds (if any).

Initial Bondholders: The Placees of the Bonds and their ultimate beneficial owners will be third parties independent of and not connected with any of the Company, its Subsidiaries, its respective directors, chief executives, substantial shareholders, and its respective associates, and otherwise

are not connected persons of the Company. It is also expected that the Bonds will be placed to not less than six Placées which are professional, institutional or other investors.

- Issue price: 100% of the principal amount of the Firm Bonds.
- Form and Denomination: The Bonds will be issued in registered form in the denomination of RMB100,000 each or integral multiples thereof.
- Subscription Price: The subscription amount payable in respect of each Firm Bond on the Firm Bonds Closing Date is approximately US\$300 million.
- Interest: The Bonds bear interest from (and including) 29 September 2010 at the rate of 4.50% per annum calculated by reference to the principal amount of the Bonds and payable semi-annually in arrear in equal instalments on 29 March and 29 September in each year.
- Maturity date: 29 September 2015 (the “**Maturity Date**”)
- Negative pledge: So long as any Bond remains outstanding, the Company will not, and will ensure that none of its Subsidiaries will, create or have outstanding, any Encumbrance, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (ii) shall be approved by an extraordinary resolution of the Bondholders.

Conversion period: On or after 9 November 2010 up to the close of business (at the place where the certificate evidencing such Bonds is deposited for conversion) on the 10th day prior to the Maturity Date (both days inclusive) (but, except as provided in the terms and conditions of the Bonds, in no event thereafter) or, if such Bonds shall have been called for redemption by the Company before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than ten days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the holder of such Bonds pursuant to the terms and conditions of the Bonds then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice.

The number of Shares to be issued on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted translated into Hong Kong Dollars at the fixed rate of RMB1.00 = HK\$1.1439 by the Conversion Price then in effect.

Conversion price: The initial Conversion Price is HK\$4.87 per Share, representing:

- (i) a premium of approximately 36.41% over the closing price of HK\$3.57 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 37.97% over the volume weighted average closing price of HK\$3.5298 per Share for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 40.07% over the volume weighted average closing price of HK\$3.4768 per Share for the last ten consecutive trading days up to and including the Last Trading Day.

The initial Conversion Price was determined after arm's length negotiations between the Company and the Manager with reference to the closing price of the Shares quoted on the Hong Kong Stock Exchange on the Last Trading Day.

The Conversion Price will be subject to adjustment for, among other things, subdivision, reclassification or consolidation of Shares, bonus issues, rights issues, capital distributions, distributions, change of control and other dilutive events as described in the terms and conditions of the Bonds. The Conversion Price may not be reduced so that, on conversion of the Bonds, Shares would fall to be issued at a discount to their par value.

For the avoidance of doubt, no adjustment to the Conversion Price shall be made in respect of the cash dividend declared or paid by the Company on or before the date of this announcement.

Final redemption:

Unless previously redeemed, converted or purchased and cancelled in the circumstances referred to in the terms and conditions of the Bonds, the Company will redeem each Bond at the US Dollar equivalent of its RMB principal amount together with unpaid accrued interest thereon on the Maturity Date.

Redemption at the
Option of the
Company:

On giving not less than 30 nor more than 90 days' notice to the Bondholders and the Trustee (which notice will be irrevocable), the Company may at any time after 29 September 2013 and prior to the Maturity Date redeem all, but not some only, of the Bonds for the time being outstanding at the US Dollar equivalent of their RMB principal amount, together with interest accrued to the date fixed for redemption, provided that the closing price of the Shares, translated into RMB at the prevailing rate applicable to the relevant Trading Day, for 20 out of 30 consecutive Trading Days prior to the date upon which notice of such redemption is published was at least 130% of the Conversion Price then in effect.

On giving not less than 30 nor more than 60 days' notice to the Bondholders and the Trustee (which notice will be irrevocable), the Company may at any time redeem all, but not some only, of the Bonds for the time being outstanding at the US Dollar equivalent of their RMB principal amount together with interest accrued to the date fixed for redemption provided that prior to the date of such notice at least 90% in principal amount of the Bonds originally issued (including any Option Bonds) has already been converted, redeemed or purchased and cancelled.

Tax Redemption and
Non-Redemption
Right:

The Bonds may be redeemed at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' irrevocable notice (a "**Tax Redemption Notice**") to the Bondholders at the US Dollar equivalent of their RMB principal amount, together with interest accrued to the date fixed for redemption, if (i) the Company satisfies the Trustee immediately prior to the giving of such notice that the Company has or will become obliged to pay additional tax amounts as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 7 September 2010, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional tax amounts were a payment in respect of the Bonds then due.

Redemption at the option
of the Bondholders:

The Company will, at the option of the holder of any Bond redeem all or some only of such holder's Bonds on 29 September 2013 at the US Dollar equivalent of their RMB principal amount, together with interest accrued to the date fixed for redemption.

Redemption upon
Delisting or Change of
Control:

Following the occurrence of a Relevant Event, the holder of each Bond will have the right at such holder's option, to require the Company to redeem all, but not some only, of such holder's Bonds on the Relevant Event Redemption Date (as defined below) at a price equal to the US Dollar equivalent of their RMB principal amount, together with interest accrued to the date fixed for redemption. To exercise such right, the holder of the relevant Bond must deposit at the specified office of any paying agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any paying agent ("**Relevant Event Redemption Notice**"), together with the certificate evidencing the Bonds to be redeemed by not later than 60 days following a Relevant Event, or, if later, 60 days following the date upon which notice thereof is given to Bondholders by the Company in accordance with the terms and conditions of the Bonds. The "**Relevant Event Redemption Date**" shall be the fourteenth day after the expiry of such period of 60 days as referred to above.

Listing:

Application will be made to the SGX-ST for the listing of the Bonds. The Bonds will be traded and settled in US Dollars only. The Bonds will be traded on the SGX-ST in a minimum board lot size of US\$200,000 for so long as the Bonds are listed on the SGX-ST.

Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Shares.

Clearing Systems:	The Bonds will be represented by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Firm Bonds Closing Date with a common depository for, Euroclear Bank S.A./N.V. (“ Euroclear ”) and Clearstream Banking, société anonyme (“ Clearstream ”). Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
Voting rights:	Unless and until the Bondholders acquire the Shares upon conversion of the Bonds, they will have no rights with respect to the Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Shares.
Transferability:	The Bonds are freely transferrable.
Status:	The Bonds constitute direct, unsubordinated, unconditional and (subject to the terms and conditions) unsecured obligations of the Company and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the terms and conditions at all times rank at least equally with all of its other present and future senior, unsecured and unsubordinated obligations.

EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF THE CONVERSION

The following table illustrates (1) the existing shareholding structure as at the date of this announcement; (2) the shareholding structure assuming the Firm Bonds are fully converted into New Shares at the initial Conversion Price of HK\$4.87 each; and (3) the shareholding structure assuming the Firm Bonds and the Option Bonds are fully converted into New Shares at the initial Conversion Price of HK\$4.87 each; on the assumptions that (a) there will be no other change to the share capital of the Company from the date of this announcement until the completion of the conversion

of the Firm Bonds and the Option Bonds in full, save for the issue of the New Shares as a result of the conversion of the Firm Bonds and the Option Bonds in full (as the case may be); and (b) the Bondholders do not and will not hold any Shares other than the New Shares as a result of the conversion of the Firm Bonds and the Option Bonds in full (as the case may be).

Shareholder	Existing (as at the date of this announcement)		Assuming the Firm Bonds are fully converted into Shares at the initial Conversion Price of HK\$4.87 each		Assuming the Firm Bonds and the Option Bonds are fully converted into Shares at the initial Conversion Price of HK\$4.87 each	
	No. of Shares	% of issued share capital of the Company	No. of Shares	% of enlarged share capital of the Company	No. of Shares	% of enlarged share capital of the Company
Mr. Vincent H. S. LO and his associates ⁽¹⁾	2,610,929,643	50.65%	2,610,929,643	46.35%	2,610,929,643	45.07%
Public	2,542,904,418	49.35%	2,542,904,418	45.14%	2,542,904,418	43.90%
Bondholders	<u>0</u>	<u>0%</u>	<u>479,169,609</u>	<u>8.51%</u>	<u>638,892,813</u>	<u>11.03%</u>
	<u>5,153,834,061</u>	<u>100.00%</u>	<u>5,633,003,670</u>	<u>100.00%</u>	<u>5,792,726,874</u>	<u>100.00%</u>

Note:

- (1) *These represent 1,312,916 Shares beneficially held by Ms. Loletta CHU (“Mrs. Lo”), the spouse of Mr. Vincent H. S. LO (“Mr. Lo”), and an aggregate of 2,609,616,727 Shares beneficially owned by Shui On Company Limited (“SOCL”) through its controlled corporations, of which 1,389,993,701 Shares are held by Shui On Properties Limited, 1,084,268,286 Shares are held by Shui On Investment Company Limited and 135,354,740 Shares are held by New Rainbow Investments Limited respectively. SOCL is owned by the Bosrich Unit Trust, the trustee of which is Bosrich Holdings (PTC) Inc. (“Bosrich”). The units of the Bosrich Unit Trust are the property of a discretionary trust, of which Mr. Lo is a discretionary beneficiary and HSBC International Trustee Limited (“HSBC Trustee”) is the trustee. Accordingly, Mr. Lo, Mrs. Lo, Bosrich and HSBC Trustee are deemed to be interested in 2,609,616,727 Shares under the SFO.*

USE OF PROCEEDS

The gross proceeds from the issue of the Bonds will be approximately RMB2,040 million (equivalent to approximately US\$300 million) (assuming no Option Bonds are issued) to RMB2,720 million (equivalent to approximately US\$400 million) (assuming the Option Bonds are issued in full), and the net proceeds from the issue of Bonds will amount to approximately RMB1,962 million (equivalent to approximately US\$289 million) (assuming no Option Bonds are issued) to RMB2,628 million (equivalent to approximately US\$387 million) (assuming the Option Bonds are issued in full).

The Company intends to use the net proceeds from the Bond Issue for funding capital expenditure in connection with its real estate operations, acquiring assets or businesses of related businesses, repaying existing indebtedness and for general corporate and working capital purposes.

REASONS FOR AND BENEFITS OF THE BOND ISSUE

The Directors consider the Bond Issue as an opportunity to obtain immediate funding. Accordingly, the Directors consider the terms of the Subscription Agreement fair and reasonable and in the interests of the Shareholders and the Company as a whole.

EQUITY SWAP TRANSACTIONS

The Company has been informed by Standard Chartered Bank that concurrently with the execution of the Subscription Agreement, the Majority Shareholder Subsidiary, as equity swap receiver, and the Equity Swap Counterparty, as equity swap payer have entered into an equity swap transaction and may enter into further equity swap transactions each with a term of three years. The aggregate equity notional amount of the equity swap transactions is HK\$1,000 million.

Each equity swap transaction, can be, at the option of the Majority Shareholder Subsidiary, in whole or in part (subject to the terms of the Equity Swap Agreement), cash-settled or physically-settled (such that the Majority Shareholder Subsidiary receives physical delivery of a number of Shares in accordance with the terms of the Equity Swap Agreement). The Company understands that the Majority Shareholder Subsidiary has entered into the Equity Swap Agreement primarily for hedging purposes against potential dilutive impact of the Bond Issue.

GENERAL MANDATE

By a resolution of the Shareholders passed at the annual general meeting held on 27 May 2010, the Company granted a general mandate to the Directors to allot and issue up to 20% of the issued ordinary share capital of the Company, being 1,004,531,377 Shares. The Subscription Shares and the New Shares will be issued under the General Mandate. At the date of this announcement, there has been no issue of Shares under the General Mandate.

FUND RAISING ACTIVITIES BY THE COMPANY IN THE LAST 12 MONTHS

The Company has not carried out any equity fundraising activities in the past twelve months immediately before the date of this announcement.

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein respectively. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph headed “The Subscription Agreement” below for further information. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Affiliate”	of any specified Person means any other Person, directly or indirectly, Controlling or Controlled by or under direct or indirect common Control with such specified Person
“Alternative Stock Exchange”	at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in
“Board”	the board of Directors
“Bondholders”	holder(s) of the Bonds from time to time
“Bonds”	the Firm Bonds and the Option Bonds (if any)
“Bond Issue”	the issue of the Bonds by the Company pursuant to the terms and conditions of the Subscription Agreement
“Business Day”	in respect of the Subscription Agreement, means a day on which banks are open for business in London, New York City and Hong Kong

“Change of Control”	<p>a “Change of Control” occurs when:</p> <ul style="list-style-type: none"> (i) any Person or Persons (other than the Permitted Holders) acting together acquires Control of the Company if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Company on the Issue Date; (ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the assets of the Company to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Company or the successor entity; or (iii) one or more Persons (other than any Person referred to in sub-paragraph (i) above) acquires the legal or beneficial ownership of all or substantially all of the issued share capital of the Company.
“Closing Price”	“Closing Price” for the Shares for any Trading Day shall be the price published in the daily quotation sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are listed on the main board of the Hong Kong Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Control”	the acquisition or control of more than 50% of the voting rights of the issued share capital of the Company or the right to appoint and/or remove all or the majority of the members of the Company’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise, and the terms “Controlling” and “Controlled” have meanings correlative to the foregoing
“Conversion Price”	the price at which New Shares will be issued upon conversion of the Bonds which will initially be HK\$4.87 per Share and will be subject to adjustment in the manner provided in the terms and conditions of the Bonds
“Director(s)”	director(s) of the Company
“Encumbrance”	a mortgage, charge, pledge, lien or other encumbrance or security interest securing any obligation of any person.
“Equity Swap Agreement”	the form of ISDA 2002 Master Agreement (without any Schedule except for the election of English law as the governing law and the amendments as set out in the relevant confirmation) together with the confirmations each dated on or around 7 September 2010 each evidencing a Equity Swap Transaction
“Equity Swap Counterparty”	Standard Chartered Bank, Singapore Branch
“Equity Swap Transaction”	the equity swap transactions between the Majority Shareholder Subsidiary and the Equity Swap Counterparty with a trade date at on or around 7 September 2010
“Firm Bonds”	RMB Denominated USD Settled 4.50% Convertible Bonds due 2015 of an initial aggregate principal amount of RMB2,040 million (equivalent to approximately US\$300 million)
“Firm Bonds Closing Date”	29 September 2010 or such other date as the Company and the Manager may agree

“General Mandate”	the general mandate to allot and issue Shares granted to the Directors by resolution of the Shareholders passed at the annual general meeting held on 27 May 2010
“Global Certificate”	a global bond certificate representing the Bonds to be issued
“Group”	the Company and its Subsidiaries
“HK\$” or “Hong Kong Dollars”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Last Trading Day”	7 September 2010, being the last full trading day immediately before the time at which the Subscription Agreement is signed
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Majority Shareholder Subsidiary”	Chester International Cayman Limited, a wholly owned subsidiary of Shui On Company Limited, a majority Shareholder in the Company.
“Manager”	Standard Chartered Bank
“New Shares”	Shares to be allotted and issued by the Company upon conversion of the Bonds
“Option”	an option granted by the Company to the Manager to subscribe for all or any of the Option Bonds up to a further aggregate principal amount of RMB680 million (equivalent to approximately US\$100 million)
“Option Bonds”	the additional RMB Denominated USD Settled 4.50% Convertible Bonds due 2015 of up to an aggregate principal amount of RMB680 million (equivalent to approximately US\$100 million)

“Option Bonds Closing Date”	a date on which the Option Bonds are issuable under the Subscription Agreement, which shall be no later than five business days after the date on which the Option shall have been exercised
“Person”	includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include (i) the board of directors of the Company or any other governing board or (ii) the Company’s wholly owned direct or indirect Subsidiaries
“PRC”	the People’s Republic of China (for the purpose of this announcement excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Regulation S”	Regulation S under the Securities Act
“Relevant Event”	A “Relevant Event” occurs: <ul style="list-style-type: none"> (i) when the Shares cease to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 30 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange; or (ii) when there is a Change of Control
“Relevant Indebtedness”	any future or present indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are or are issued with the intention on the part of the issuer thereof that they should be quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other securities market (whether or not initially distributed by way of private placement having an initial maturity of one year or more)

“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Securities Act”	the US Securities Act of 1933, as amended
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	the ordinary share(s) with par value of US\$0.0025 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Subscription Agreement”	the subscription agreement entered into between the Company and the Manager dated 7 September 2010 in respect of the issue of the Bonds
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Subsidiary(ies)”	any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity or any company or other business entity which at any time has its accounts consolidated with those of that person or which, under Hong Kong or Cayman Islands law, regulations or generally accepted accounting principles from time to time, should have its accounts consolidated with those of that person
“Trading Day”	a day when the Hong Kong Stock Exchange or, as the case may be, an Alternative Stock Exchange, is open for dealing business, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days

“Trustee”	Bank of New York Mellon
“US” or “United States”	the United States of America
“US\$”, “USD” or “US Dollars”	United States dollars, the lawful currency of the United States
“%”	per cent.

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

Hong Kong, 8 September 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, Mr. Daniel Y. K. WAN and Mr. Freddy C. K. 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*