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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)



瑞安建業有限公司*
SHUI ON CONSTRUCTION AND MATERIALS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 983)

CONTINUING CONNECTED TRANSACTIONS

THE RENEWED MANAGEMENT SERVICES AGREEMENT IN RELATION TO THE DALIAN PROJECT

Reference is made to the joint announcement of SOL and SOCAM dated 28 April 2008 relating to the transactions contemplated under the Original Agreement pursuant to which each of Shanghai SOD (a wholly-owned subsidiary of SOL), Max Clear (a wholly-owned subsidiary of SOCAM) and Yida has agreed to provide the Management Services to certain companies of the Dalian Onshore Group for the purposes of facilitating the joint development of the Dalian Project.

Since the term of the Original Agreement will end on 31 December 2010, the parties to the Original Agreement agreed to enter into the Renewed Management Services Agreement on 28 December 2010 to, among other things, extend the term for three years so that it shall end on 31 December 2013 instead of 31 December 2010.

Dalian Onshore Group, Max Clear and Yida are connected persons of SOL under the Listing Rules. Accordingly, the provision of the Management Services by Shanghai SOD to Dalian Onshore Group and the engagement by Dalian Onshore Group of the Management Services from Max Clear and Yida constitute continuing connected transactions of SOL.

Dalian Onshore Group, Shanghai SOD and Yida are connected persons of SOCAM under the Listing Rules. Accordingly, the provision of the Management Services by Max Clear to Dalian Onshore Group constitutes continuing connected transactions of SOCAM.

THE RENEWED MANAGEMENT SERVICES AGREEMENT

Date: 28 December 2010

Parties: (1) Shanghai SOD;
(2) Max Clear;
(3) Yida; and
(4) the Dalian Onshore Group.

Principal Terms: The parties agreed to extend the definition of the Dalian Onshore Group by including the New PRC Subsidiaries, and extend the term of the Original Agreement for three years so that it shall end on 31 December 2013 instead of 31 December 2010.

ANNUAL CAPS

Pursuant to the Original Agreement as supplemented by the Renewed Management Services Agreement, each of Shanghai SOD, Max Clear and Yida shall provide Management Services to Dalian Onshore Group at an annual management services fee to be calculated at 1%, 1.5% and 1% respectively of the annual total budgeted construction cost for the Dalian Project (which may be revised from time to time).

The fees paid or payable to Shanghai SOD, Max Clear and Yida by certain companies of the Dalian Onshore Group in respect of the Management Services under the Original Agreement for the financial year ended 31 December 2009 were RMB8.2 million, RMB12.3 million and RMB8.2 million respectively.

It is expected that the maximum annual fees for the Management Services payable by the Dalian Onshore Group to each of Shanghai SOD, Max Clear and Yida under the Original Agreement as supplemented by the Renewed Management Services Agreement for the three financial years ending 31 December 2013 will be as follows:

	For the financial year ending 31 December		
	2011	2012	2013
Shanghai SOD Annual Caps	RMB25 million (approximately HK\$29 million)	RMB48 million (approximately HK\$56 million)	RMB46 million (approximately HK\$54 million)
Max Clear Annual Caps	RMB37 million (approximately HK\$44 million)	RMB71 million (approximately HK\$84 million)	RMB68 million (approximately HK\$80 million)
Yida Annual Caps	RMB25 million (approximately HK\$29 million)	RMB48 million (approximately HK\$56 million)	RMB46 million (approximately HK\$54 million)

The Annual Caps are determined based on an estimate of the annual total construction cost for each of the three financial years ending 31 December 2013, taking into account the acceleration of the construction progress based on the latest development plan of the Dalian Project.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

The directors of SOL (including the independent non-executive directors of SOL) consider that the Original Agreement as supplemented by the Renewed Management Services Agreement will enable SOL to fully utilise its expertise and experience in master planning and design of large-scale integrated project development in the PRC, utilise the expertise and experience of SOCAM and Yida in project development in the PRC and will ensure that the high quality standards of SOL can be maintained in the Dalian Project, and that the terms of the Original Agreement as supplemented by the Renewed Management Services Agreement are on normal commercial terms and the Continuing Connected Transactions (together with the Annual Caps) are fair and reasonable and in the best interests of SOL and its shareholders as a whole.

The directors of SOCAM (including the independent non-executive directors of SOCAM) consider that the Original Agreement as supplemented by the Renewed Management Services Agreement will enable SOCAM to fully utilise its expertise and experience in property project management as well as property quality control and will ensure that the high quality standards of SOCAM can be maintained in the Dalian Project, and that the terms of the Original Agreement as supplemented by the Renewed Management Services Agreement are on normal commercial terms and the Continuing Connected Transactions (together with the Annual Caps) are fair and reasonable and in the best interests of SOCAM and its shareholders as a whole.

IMPLICATIONS OF THE LISTING RULES

At the date of this announcement, the Dalian Group is effectively held as to 48% by SOL, 22% by SOCAM and 30% by Yida. Mr. Lo is the Chairman of SOL and has an interest in approximately 50.88% of the issued share capital of SOL. He is also the Chairman of SOCAM and has an interest in approximately 37.26% in the issued share capital of SOCAM. Therefore, SOCAM is an associate of Mr. Lo and is a connected person of SOL. Accordingly, the Dalian Group is a connected person of SOL pursuant to Rules 14A.11(5) and 14A.11(6) of the Listing Rules and the provision of the Management Services by Shanghai SOD to the Dalian Onshore Group under the Original Agreement as supplemented by the Renewed Management Services Agreement constitutes continuing connected transactions of SOL. In addition, as the companies constituting the Dalian Group are the subsidiaries of SOL for the purposes of the Listing Rules, and Max Clear and Yida are connected persons of SOL by virtue of being the substantial shareholders of Richcoast, the engagement by the Dalian Onshore Group of the Management Services from Max Clear and Yida under the Original Agreement as supplemented by the Renewed Management Services Agreement also constitutes continuing connected transactions of SOL.

By virtue of Mr. Lo's interest in the Dalian Group and SOL as set out above, the Dalian Group and Shanghai SOD are associates of Mr. Lo and accordingly are connected persons of SOCAM. In addition, Yida is a member of the Yida Group and another member of the Yida Group is a substantial shareholder of a joint venture of SOCAM holding a property project in Beijing, which is a subsidiary of SOCAM for the purposes of the Listing Rules. Accordingly, the provision of the Management Services by Max Clear to the Dalian Onshore Group under the Original Agreement as supplemented by the Renewed Management Services Agreement constitutes continuing connected transactions of SOCAM.

Since the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules in respect of the maximum annual fees for the provision of the Management Services by each of Shanghai SOD, Max Clear and Yida under the Original Agreement as supplemented by the Renewed Management Services Agreement exceed 0.1% but are less than 5%, the entering into of the Renewed Management Services Agreement and the Continuing Connected Transactions contemplated thereby are subject to announcement, annual review and reporting requirements but exempt from the independent shareholders' approval requirement under the Listing Rules for each of SOL and SOCAM.

Mr. Lo, being the controlling shareholder and a director of both SOL and SOCAM, has a material interest in the Renewed Management Services Agreement and the Continuing Connected Transactions contemplated thereby, and has abstained from voting on the relevant resolutions passed by the respective boards of directors of SOL and SOCAM as required under the Listing Rules.

GENERAL INFORMATION

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

The SOCAM Group is principally engaged in property development, asset management, cement production and construction in Hong Kong and 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 in the PRC.

DEFINITIONS

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

“Annual Caps”	the maximum annual fees for the provision of the Management Services to the Dalian Onshore Group by each of Shanghai SOD, Max Clear and Yida for the three financial years ending 31 December 2013;
“associate(s)”, “connected person(s)”, “subsidiary(ies)”, “substantial shareholder(s)”	each has the meaning ascribed to it under the Listing Rules;
“Continuing Connected Transactions”	the transactions contemplated under the Original Agreement as supplemented by the Renewed Management Services Agreement;
“Dalian Group”	Richcoast and its subsidiaries, including the Dalian Onshore Group and their respective associates;
“Dalian Onshore Group”	collectively the PRC JV Companies, the PRC Project Companies and the New PRC Subsidiaries;
“Dalian Project”	the Dalian Tiandi property development project (previously known as Dalian Tiandi • Software Hub) jointly developed and operated by the SOL Group, the SOCAM Group and the Yida Group, being a large-scale integrated development in Dalian, the PRC, with an estimated developable gross floor area of approximately 3.3 million square metres comprising software offices, residential, commercial and retail properties, hotels and educational facilities;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Management Services”	the management services provided by each of Shanghai SOD, Max Clear and Yida to the Dalian Group, in respect of the property development of the Dalian Project; in particular, the management services to be provided by Shanghai SOD relating to the overall planning, design control, conceptual design and implementation; the management services to be provided by Max Clear relating to day-to-day management, project management, quality and safety control, sales and marketing, land acquisition and asset management; and the management services to be provided by Yida relating to project construction management, land clearance and coordination with the local government authorities;
“Max Clear”	Max Clear Holdings Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of SOCAM;
“Mr. Lo”	Mr. Vincent H. S. Lo;
“New PRC Subsidiaries”	the four wholly-owned subsidiaries of one of the PRC Project Companies, namely 大連軟件園中興開發有限公司 (Dalian Software Park Zhong Xing Kaifa Co., Ltd.*), 大連軟件園榮泰開發有限公司 (Dalian Software Park Rong Tai Kaifa Co., Ltd.*), 大連軟件園榮源開發有限公司 (Dalian Software Park Rong Yuan Kaifa Co., Ltd.*) and 大連軟件園榮達開發有限公司 (Dalian Software Park Rong Da Kaifa Co., Ltd.*) which are incorporated in the PRC and form part of the Dalian Onshore Group;
“Original Agreement”	the management services agreement dated 28 April 2008 entered into between Shanghai SOD, Max Clear, Yida, the PRC JV Companies and the PRC Project Companies in respect of the provision of the Management Services to certain companies of the Dalian Onshore Group;
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan);

“PRC JV Companies”	the four joint venture companies (that is, Dalian Qiantong Science & Technology Development Co., Ltd., Dalian Ruisheng Software Development Co., Ltd., Dalian Delan Software Development Co., Ltd. and Dalian Jiadao Science & Technology Development Co., Ltd.) owned as to 78% by Richcoast through its wholly-owned subsidiaries and 22% by Yida, and which are the immediate holding companies of the PRC Project Companies;
“PRC Project Companies”	the companies (that is, 大連軟件園瑞安發展有限公司 (Dalian Software Park Shui On Fazhan Co., Ltd.*) and 大連軟件園瑞安開發有限公司 (Dalian Software Park Shui On Kaifa Co., Ltd.*)) established by the PRC JV Companies in the PRC as wholly-owned subsidiaries to hold the Dalian Project;
“Renewed Management Services Agreement”	the agreement dated 28 December 2010 entered into between Shanghai SOD, Max Clear, Yida and the Dalian Onshore Group which, among other things, extends the term of the Original Agreement;
“Richcoast”	Richcoast Group Limited (a non-wholly owned subsidiary of SOL for the purposes of the Listing Rules) which is incorporated in the British Virgin Islands and is a joint venture company held as to 61.54% by Innovate Zone Group Limited (a wholly-owned subsidiary of SOL), 28.20% by Main Zone Group Limited (a wholly-owned subsidiary of SOCAM) and 10.26% by Many Gain International Limited (a member of the Yida Group) respectively;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shanghai SOD”	Shui On Development Limited, a company incorporated in the PRC and a wholly-owned subsidiary of SOL;
“SOCAM”	Shui On Construction and Materials Limited, a company incorporated in Bermuda, whose shares are listed on the Stock Exchange (stock code: 983);
“SOCAM Group”	SOCAM and its subsidiaries;
“SOL”	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange (stock code: 272);

“SOL Group”	SOL and its subsidiaries;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Yida”	Yida Group Company Limited, a company incorporated in the PRC;
“Yida Group”	group of companies under common control, including Yida, Many Gain International Limited and their respective holding companies and subsidiaries; and
“%”	percent.

Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is translated into HK\$ at the rate of HK\$1.00 = RMB0.85. 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

By Order of the Board
Shui On Construction and Materials Limited
WONG Kun To, Philip
Chief Executive Officer

Hong Kong, 28 December 2010

At the date of this announcement, the executive directors of SOL 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 SOL is The Honourable LEUNG Chun Ying; and the independent non-executive directors of SOL 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.

At the date of this announcement, the executive directors of SOCAM are Mr. LO Hong Sui, Vincent (Chairman), Mr. CHOI Yuk Keung, Lawrence (Vice Chairman), Mr. WONG Yuet Leung, Frankie (Vice Chairman), Mr. WONG Kun To, Philip (Chief Executive Officer) and Mr. WONG Fook Lam, Raymond; the independent non-executive directors of SOCAM are Mr. Gerrit Jan DE NYS, Ms. LI Hoi Lun, Helen, Mr. David Gordon ELDON, Mr. CHAN Kay Cheung and Mr. TSANG Kwok Tai, Moses.

* *For identification purposes only*

Websites: www.shuionland.com
www.socam.com