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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)

**RMB3,500,000,000 US\$ SETTLED 7.625% SENIOR NOTES DUE 2015
TO BE GUARANTEED BY THE COMPANY**

Reference is made to the announcement of the Company dated 18 January 2011 in relation to the proposed offering of senior notes by Shui On Development to be guaranteed by the Company.

The Board is pleased to announce that on 19 January 2011, New York time, the Company and Shui On Development entered into a Purchase Agreement with Deutsche Bank, Standard Chartered Bank, UBS, Barclays Capital and BNP PARIBAS in connection with the issue of an aggregate principal amount of RMB3,500,000,000 US\$ settled 7.625% senior notes due 2015.

The estimated net proceeds of the Notes Issue, after deduction of underwriting commissions and other estimated expenses, will amount to approximately US\$520,000,000. Shui On Development intends to use the net proceeds from the Notes to fund capital expenditures related to its real estate operations and/or acquiring, developing, constructing or improving assets, real or personal property or equipment or repaying existing indebtedness. Shui On Development may adjust the foregoing acquisition and development plans in response to changing market conditions and, thus, reallocate the use of the proceeds. Pending application of the net proceeds of the Notes Issue, Shui On Development intends to invest such net proceeds in temporary cash investments.

An application has been made for a listing of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission of the Notes to the official list of the SGX-ST is not to be taken as an indication of the merits of the Company, Shui On Development or the Notes. No listing of the Notes has been, or will be, sought in Hong Kong.

INTRODUCTION

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THE PURCHASE AGREEMENT

Date

19 January 2011

Parties to the Purchase Agreement

- (a) Shui On Development as the issuer of the Notes;
- (b) Company as the guarantor of Shui On Development's obligations under the Notes and the Indenture; and

(c) Deutsche Bank, Standard Chartered Bank, UBS, Barclays Capital and BNP PARIBAS as the initial purchasers of the Notes.

Standard Chartered Bank, as the sole global coordinator, and Deutsche Bank, Standard Chartered Bank and UBS, as the joint lead managers and bookrunners, are managing the offer and sale of the Notes.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Deutsche Bank, Standard Chartered Bank, UBS, Barclays Capital and BNP PARIBAS are independent third parties and are not connected persons of the Company.

The Notes and the Parent Guarantee have not been, and will not be, registered under the U.S. Securities Act. The Notes will only be offered by Deutsche Bank, Standard Chartered Bank, UBS, Barclays Capital and BNP PARIBAS outside the United States, in compliance with Regulation S under the U.S. Securities Act. None of the Notes will be offered to the public in Hong Kong nor will the Notes be placed to any connected persons of the Company.

Principal terms of the Notes

Notes Offered

Subject to certain conditions to completion, Shui On Development will issue the Notes in an aggregate principal amount of RMB3,500,000,000 which will be settled in US\$ and mature on 26 January 2015, unless earlier redeemed pursuant to the terms of the Notes.

Offer Price

The offer price of the Notes will be 100% of the principal amount of the Notes.

Interest

The Notes will bear interest at a rate of 7.625% per annum, payable semi-annually in arrears on 26 January and 26 July of each year, commencing 26 July 2011.

Payment

All payments due under, and all claims arising out of or pursuant to the Notes or the Parent Guarantee and/or the Indenture from or against Shui On Development and the Company shall be payable and settled in U.S. dollars only, in the applicable U.S. Dollar Settlement Amount.

Ranking of the Notes

The Notes are general obligations of Shui On Development and are guaranteed by the Company on a senior basis. The Notes are: (1) senior in right of payment to any existing and future obligations of Shui On Development expressly subordinated in right of payment to the Notes; (2) ranked at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of Shui On Development (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law); (3) guaranteed by the Company on a senior basis, subject to certain limitations; (4) effectively subordinated to the secured obligations (if any) of Shui On Development and the Company, to the extent of the value of the assets serving as security thereunder; and (5) effectively subordinated to all existing and future obligations of the subsidiaries of Shui On Development.

Ranking of the Parent Guarantee

The Company will guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes in the applicable U.S. Dollar Settlement Amount. Since Shui On Development and the Company are holding companies, the Notes will be effectively subordinated to all indebtedness and other liabilities of the subsidiaries of Shui On Development.

The Parent Guarantee is: (1) a general obligation of the Company; (2) effectively subordinated to secured obligations of the Company, to the extent of the value of the assets serving as security thereunder; (3) senior in right of payment to all future obligations of the Company expressly subordinated in right of payment to the Parent Guarantee; and (4) ranked at least *pari passu* with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law).

Events of Default

The events of default under the Notes include, among others: (1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise; (2) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days; (3) default in the performance or breach of certain covenants under the Notes; (4) the Company, Shui On Development or any restricted subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in (1) to (3) above) and such default or breach continues for a period of 30 consecutive days after written notice has been given by the trustee of the Notes or holders of the Notes of 25% or more in aggregate principal amount of

the Notes; (5) default by the Company, Shui On Development or any restricted subsidiary in the repayment of indebtedness having, in the aggregate, an outstanding principal amount in excess of US\$10.0 million; (6) one or more final judgments or orders for the payment of money are rendered against the Company, Shui On Development or any restricted subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged to exceed US\$10.0 million; (7) an involuntary bankruptcy or insolvency proceeding is commenced against the Company, Shui On Development or any restricted subsidiary and such involuntary bankruptcy or insolvency proceeding remains undismissed and unstayed for a period of 60 consecutive days; (8) a voluntary bankruptcy or insolvency proceeding is commenced by or consented to by the Company, Shui On Development or any restricted subsidiary; and (9) the Company denies or disaffirms its obligations under the Parent Guarantee or, except as permitted by the Indenture, the Parent Guarantee is determined to be unenforceable or invalid or for any reason ceases to be in full force and effect.

If an event of default (other than an event of default specified in (7) and (8) above) occurs and is continuing under the Indenture, the trustee of the Notes may, and shall upon the request of the holders of at least 25% in aggregate principal amount of the Notes outstanding at the time of the event of default, by written notice to Shui On Development, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an event of default specified in (7) and (8) above occurs with respect to the Company, Shui On Development or any of its restricted subsidiaries, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and immediately be due and payable without any declaration or other act on the part of the trustee of the Notes or any holder of the Notes or any other person.

Covenants

The Notes, the Indenture and the Parent Guarantee will limit the ability of Shui On Development and the Company and the ability of their respective restricted subsidiaries to, among other things:

- (a) incur additional indebtedness and issue disqualified or preferred stock;
- (b) declare dividends on its capital stock or purchase or redeem capital stock;
- (c) make investments or other specified restricted payments;

- (d) issue or sell capital stock of their restricted subsidiaries;
- (e) guarantee indebtedness of their restricted subsidiaries;
- (f) sell assets;
- (g) create liens;
- (h) enter into sale and leaseback transactions;
- (i) enter into agreements that restrict their restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- (j) enter into transactions with shareholders or affiliates; and
- (k) effect a consolidation or merger.

Redemption

At any time prior to 26 January 2015, being the maturity date of the Notes, Shui On Development may at its option redeem the Notes, in whole or in part, at a redemption price equal to the U.S. Dollar Settlement Amount of 100% of the principal amount of the Notes redeemed plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date, as set forth in the Indenture.

Reason for the Notes Issue

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. Specifically, the Group focuses on master planning and development of large-scale, mixed use city-core integrated property projects, typically in cooperation with the relevant local governmental authorities.

The Notes Issue is being undertaken to supplement the Group's funding of its expansion and growth plan.

Proposed use of proceeds

The estimated net proceeds of the Notes Issue, after deduction of underwriting commissions and other estimated expenses, will amount to approximately US\$520,000,000. Shui On Development intends to use the net proceeds from the Notes to fund capital expenditures related to its real estate operations and/or acquiring, developing, constructing or improving assets, real or personal property or

equipment or repaying existing indebtedness. Shui On Development may adjust the foregoing acquisition and development plans in response to changing market conditions and, thus, reallocate the use of the proceeds. Pending application of the net proceeds of the Notes Issue, Shui On Development intends to invest such net proceeds in temporary cash investments.

Listing

An application has been made for a listing of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission of the Notes to the official list of the SGX-ST is not to be taken as an indication of the merits of the Company, Shui On Development or the Notes. No listing of the Notes has been, or will be, sought in Hong Kong.

DEFINITIONS

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

“Barclays Capital”	Barclays Bank PLC, one of the co-managers in respect of the offer and sale of the Notes
“BNP PARIBAS”	BNP Paribas, Hong Kong Branch, one of the co-managers in respect of the offer and sale of the Notes
“Board”	the board of Directors
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Deutsche Bank”	Deutsche Bank AG, Singapore Branch, one of the joint lead managers and bookrunners in respect of the offer and sale of the Notes
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Indenture”	the written agreement between the Company as guarantor, Shui On Development as issuer of the Notes and DB Trustees (Hong Kong) Limited as trustee of the Notes, pursuant to which the Notes will be issued
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	the RMB3,500,000,000 US\$ settled 7.625% senior notes due 2015 to be issued by Shui On Development
“Notes Issue”	the issue of Notes by Shui On Development and guaranteed by the Company
“Parent Guarantee”	the guarantee given by the Company on Shui On Development’s obligations under the Notes
“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 area
“Purchase Agreement”	the agreement dated 19 January 2011 entered into between, among others, the Company, Shui On Development, Deutsche Bank, Standard Chartered Bank, UBS, Barclays Capital and BNP PARIBAS in relation to the Notes Issue
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Shui On Development”	Shui On Development (Holding) Limited, a company incorporated in the Cayman Islands with limited liability, and a wholly-owned subsidiary of the Company
“Standard Chartered Bank”	Standard Chartered Bank, the sole global coordinator and one of the joint lead managers and bookrunners in respect of the offer and sale of the Notes
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“UBS”	UBS AG, Hong Kong Branch, one of the joint lead managers and bookrunners in respect of the offer and sale of the Notes
“U.S.” or “United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“U.S. Dollar Settlement Amount”	means, in respect of a RMB-denominated amount that would be due under the Notes (including the Parent Guarantee) or the Indenture in RMB, the RMB amount converted into US\$ using the spot rate for the applicable rate calculation date
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“US\$”	United States dollar, 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, 20 January 2011

As at the date of this announcement, the executive Directors 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 is The Honourable LEUNG Chun Ying; and the independent non-executive Directors 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 purpose only*