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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)

(1) CONNECTED TRANSACTION

Shareholders' Deed for the JV Project

(2) CONTINUING CONNECTED TRANSACTIONS

Master Agreement for the JV Brand

On 22 August 2011, SODH, a wholly-owned subsidiary of the Company, entered into the Shareholders' Deed with the Langham Hospitality Group for a joint venture arrangement in relation to the JV Project which comprises the establishment of the JVCo, a company which is owned as to 40% by the Shui On Group and 60% by the Langham Hospitality Group, for the purposes of owning and holding the JV Brand and Trademarks for use by Hotels and Branded Residences in the PRC.

Pursuant to the Shareholders' Deed and in furtherance of the JV Project, SODH and LHC further entered into the Master Agreement on 22 August 2011 pursuant to which the members of the Langham Hospitality Group may enter into separate Services Contracts with the Shui On Group for the provision of fitting-out, centralized services, marketing and management services, and the granting of licenses to the Hotels and Branded Residences developed and/or owned by the Shui On Group or third parties under the JV Brand.

Mr. Lo is the Chairman, Executive Director and the controlling shareholder of the Company. At the date of this announcement, Mr. Lo is also a non-executive director of Great Eagle and he has a deemed interest in approximately 33.06% of the issued share capital of Great Eagle under Part XV of the SFO by virtue of his interest in a discretionary trust of which Mr. Lo is a beneficiary. Accordingly, the Langham Hospitality Group, which is a part of the Great Eagle Group, is the associate of Mr. Lo and therefore a connected person of the Company under the Listing Rules.

Accordingly, the formation of the joint venture under the Shareholders' Deed with the Langham Hospitality Group constitutes a connected transaction of the Company. As there is currently no significant capital commitment to be made by the Shui On Group under the Shareholders' Deed, the entering into of the Shareholders' Deed is exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will comply with the applicable requirements of the Listing Rules as and when required.

By virtue of Mr. Lo's interest in the Great Eagle Group as set out above, the Master Agreement and the transactions contemplated under the Master Agreement also constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined under the Listing Rules in relation to the maximum annual aggregate fees for the Continuing Connected Transactions expected to be payable by the Shui On Group to the Langham Hospitality Group in respect of each of the financial years ending 31 December 2025 will exceed 0.1% but less than 5%, the entering into of the Master Agreement and the Continuing Connected Transactions are subject to the announcement, annual review and reporting requirements but exempt from the independent shareholders' approval requirement under the Listing Rules.

It is expected that the term of some of the Services Contracts to be entered into under the Master Agreement may exceed three years. Pursuant to Rule 14A.35(1) of the Listing Rules, the Company has engaged the Independent Financial Adviser to review such Services Contracts, and has opined, inter alia, that the duration of such Services Contracts, being in excess of three years, is justifiable and it is in the normal business practice for contracts of this type to be of such duration.

THE JOINT VENTURE ARRANGEMENT

The salient terms of the Shareholders' Deed and the Master Agreement are summarised below:

THE SHAREHOLDERS' DEED

Date

22 August 2011

Parties

SODH, MCL and the JVCo.

Principal Terms

Pursuant to the Shareholders' Deed, SODH and MCL have agreed to form the JVCo, a company which is owned as to 40% by the Shui On Group and 60% by the Langham Hospitality Group, for the purposes of owning and holding the JV Brand and Trademarks for use by Hotels and Branded Residences in the PRC.

The Shareholders' Deed, among other things, sets out the parties' agreement on the manner in which the JVCo is to be financed, operated and managed in conducting the following business:

- (i) own and hold the JV Brand and Trademarks;
- (ii) review and approve the brand standard for the Hotels and Branded Residences operating under the JV Brand;
- (iii) grant to each Hotel to be managed by MCL or its affiliate(s) under the JV Brand the right and non-exclusive license to use the JV Brand and Trademarks in the management and operations of the Hotel;
- (iv) grant to the owner or developer or Property Manager of the Branded Residences a non-exclusive license to use the JV Brand and Trademarks in the marketing, naming and operations of the Branded Residences;
- (v) form and hold such subsidiaries as may be required to conduct the business of the JVCo; and
- (vi) carry out such other related activities as the parties may from time to time mutually agree in writing.

THE MASTER AGREEMENT

Date

22 August 2011

Parties

SODH and LHC.

Principal Terms

Pursuant to the Shareholders' Deed and in furtherance of the JV Project, SODH and LHC further entered into the Master Agreement pursuant to which the members of the Langham Hospitality Group may enter into separate Services Contracts with the Shui On Group for the provision of the fitting-out, centralized services, marketing and management services, and the granting of licenses to the Hotels and Branded Residences developed and/or owned by the Shui On Group or third parties under the JV Brand.

The Master Agreement has a term of three years from 22 August 2011 to 21 August 2014 (both days inclusive), and shall be automatically renewed for a further term of 3 years each upon expiration of any such term subject to compliance with the applicable disclosure, reporting and other requirements under the Listing Rules.

ANNUAL CAPS

It is expected that the maximum annual aggregate fees for the Services payable by the Shui On Group to the Langham Hospitality Group under the Master Agreement for each of the financial years ending 31 December 2025 shall not exceed RMB80,000,000 (approximately HK\$97,560,000).

The Annual Caps are determined based on (i) the internal projection of the revenue expected to be generated by the Shui On Hotels and the potential for further growth in the business of the Shui On Group under the JV Project; (ii) the volume of Services Contracts under negotiation and anticipated to be entered into between the Shui On Group and the Langham Hospitality Group in relation to the JV Project; and (iii) the agreed upon rates, which represent normal commercial terms competitive with standard market rates, between the Shui On Group and the Langham Hospitality Group under the Services Contracts.

REASONS FOR AND BENEFITS OF THE JOINT VENTURE AND THE CONTINUING CONNECTED TRANSACTIONS

The Langham Hospitality Group is knowledgeable and experienced in the development, operation and management of hotels and the related complementary services necessary for building a comprehensive hospitality platform.

The Langham Hospitality Group encompasses a family of distinctive hospitality brands which include hotels, resorts, residential serviced apartments, restaurants and spas, located on four continents. It takes its name from the legendary Langham in London which was opened in 1865 as Europe's first Grand Hotel. For almost 150 years, this flagship hotel has represented sophisticated and gracious hospitality, a philosophy that reflects elegance in design, innovation in hospitality, genuine service and captivation of the senses across all properties. The brands include the luxurious Langham and international five-star Langham Place, the upscale Eaton Luxe, midscale Eaton Smart and the award-winning Chuan Spa.

The strategic alliance of the Shui On Group and the Langham Hospitality Group through the formation of the joint venture under the Shareholders' Deed will enable the Shui On Group to fully utilise the services and experience of the Langham Hospitality Group in connection with the operation and management of the JV Project. It will also ensure that the high quality standards expected of the Shui On Group's products can be maintained and expanded into the Shui On Group's various projects in a uniform manner, and thus create additional value for the Shui On Group's projects and properties.

As the Shui On Group may enter into the Services Contracts with the Langham Hospitality Group in relation to the JV Project, the Directors believe that it is in the interest of the Company from a cost and administrative convenience perspective to enter into the Master Agreement to cover all such Services Contracts that may be entered into with the Langham Hospitality Group in connection with the JV Project.

The Directors (including the independent non-executive Directors) are of the view that the JV Project (including but not limited to the terms of the Shareholders' Deed, the Master Agreement and the Continuing Connected Transactions) were agreed on normal commercial terms in the ordinary and usual course of business of the Shui On Group after arm's length negotiation between the parties, and that the terms of the Shareholders' Deed and the Master Agreement and the Continuing Connected Transactions (together with the Annual Caps) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Mr. Lo, being the Chairman, Executive Director and the controlling shareholder of the Company, has a material interest in the JV Project and the Continuing Connected Transactions, and has abstained from voting on the relevant resolutions passed by the Board as required under the Listing Rules.

THE IMPLICATION OF THE LISTING RULES

Mr. Lo is the Chairman, Executive Director and the controlling shareholder of the Company. At the date of this announcement, Mr. Lo is also a non-executive director of Great Eagle and he has a deemed interest in approximately 33.06% of the issued share capital of Great Eagle under Part XV of the SFO by virtue of his interest in a discretionary trust of which Mr. Lo is a beneficiary. Accordingly, the Langham Hospitality Group, which is a part of the Great Eagle Group, is the associate of Mr. Lo and therefore a connected person of the Company under the Listing Rules.

Accordingly, the formation of the joint venture under the Shareholders' Deed with the Langham Hospitality Group constitutes a connected transaction of the Company. As there is currently no significant capital commitment to be made by the Shui On Group under the Shareholders' Deed, the entering into of the Shareholders' Deed is exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will comply with the applicable requirements of the Listing Rules as and when required.

By virtue of Mr. Lo's interest in the Great Eagle Group as set out above, the Master Agreement and the transactions contemplated under the Master Agreement also constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined under the Listing Rules in relation to the Annual Caps in respect of each of the financial years ending 31 December 2025 will exceed 0.1% but less than 5%, the entering into of the Master Agreement and the Continuing Connected Transactions are subject to the announcement, annual review and reporting requirements but exempt from the independent shareholders' approval requirement under the Listing Rules.

As required by Rule 14A.35(1) of the Listing Rules, the period for non-exempt continuing connected transactions must not exceed three years, except in special circumstances which are limited to cases where the nature of the transaction requires the contract to be of a duration longer than three years. Since it is expected that the term of some of the Services Contracts anticipated to be entered into under the Master Agreement may exceed three years, the Company has appointed Platinum as the independent financial adviser to opine on whether it is normal business practice for such Services Contracts to be of such duration. The view from the Independent Financial Adviser is set out below.

THE VIEW FROM THE INDEPENDENT FINANCIAL ADVISER

Platinum has reviewed, among other things, some of the Services Contracts anticipated to be entered into under the Master Agreement. Furthermore, Platinum has reviewed other similar transactions in relation to the hotel management contracts of the companies listed on the Stock Exchange with duration of more than three years. A summary of the review by Platinum of the abovementioned documents is illustrated in the table below:

<u>Name of documents</u>	<u>Duration of the agreements</u>
1. The Hotel Management Agreement	15 years, may extend for multiple terms of 5 years each
2. The Hotel License Agreement	15 years, may extend for multiple terms of 5 years each, subject to the term of the hotel management agreement
3. The Centralized Services and Marketing Agreement	15 years, may extend for multiple terms of 5 years each, subject to the term of the hotel management agreement
4. The Operations License Agreement	Subject to the term of the relevant property management agreement
5. Other similar transactions of hotel management contracts	20 to 30 years, may extend for another 10 to 20 successive years

As shown in item 5 of the above table, the duration of these hotel management contracts of the companies listed on the Stock Exchange exceeds the three-year period as prescribed in Rule 14A.35(1) of the Listing Rules and ranges from twenty to thirty years, with renewal options ranging from a further period of ten to twenty years which is generally in line with the duration of such Services Contracts.

Following such review, Platinum has opined, inter alia, that owing to the unique nature of hotel industry, hotel management contracts are commonly long term transactions. A contract of three-year duration is not practical and commercially sensible because from the perspective of the hotel managers, they usually incur substantial initial outlay for the marketing and branding of new hotels and it may take several years to establish systems which fit in particular requirements of the hotels to achieve the desired results. On the other hand, from the perspective of the hotel owners, different hotel managers may have different requirements, branding and marketing strategies, and standards for the hotels under management. Replacing the hotel managers will require the hotel owners to re-decorate the establishment to the standards and specifications of the new hotel managers. This is an expensive and time

consuming exercise and may require a particular establishment to be closed for an extensive period of time for refitting. It is therefore not in the commercial interest of the hotel owners either to change their hotel managers in a frequent manner or to have the hotel managers enter into short term hotel management contracts with the hotel owners.

In addition, having a longer term of more than three years for such Services Contracts will allow the Shui On Group to formulate the long term strategic plan of XinTianDi development, which aims to realize synergy effects by using the JV Brand among the Hotels and Branded Residences in the PRC.

In light of the above, Platinum is of the opinion that the duration of such Services Contracts, being in excess of three years, is justifiable and it is normal business practice for contracts of this type to be of such duration.

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 activities of the Great Eagle Group include property development and investment, hotel and restaurant operations, acting as manager of real estate investment trust, trading of building materials, share investment, provision of management and maintenance services, property management and fitness centre operations. Its investment in office properties extends to the United States of America, and its hotel portfolio covers Asia, Australia, Europe, New Zealand and North America.

DEFINITIONS

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

“Annual Caps”	the maximum annual aggregate fees for the Services payable by the Shui On Group to the Langham Hospitality Group under the Continuing Connected Transactions;
“associate”, “connected person”, “controlling shareholder”, “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;

“Branded Residences”	includes residences or apartments located within a radius of one kilometre from either a Shui On Hotel or a Hotel owned by third parties designated upon mutual agreement between the Shui On Group and the Langham Hospitality Group and managed under the JV Brand;
“Branded Residences Agreements”	agreements for the provision of technical assistance services covering the design of layout and decorations, selection of facilities and equipment and integration of management information systems for the Branded Residences;
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange (stock code: 272);
“Continuing Connected Transactions”	the transactions contemplated under the Master Agreement;
“Director(s)”	the director(s) of the Company;
“Great Eagle”	Great Eagle Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange (stock code: 41);
“Great Eagle Group”	Great Eagle and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Hotel Agreements”	agreements for the provision of hotel management and technical assistance services covering the design of layout and decorations, selection of facilities and equipment and integration of management information systems and centralized services and marketing services for the Hotels;

“Hotel(s)”	an international five-star standard hotel with no more than 150 hotel rooms and with hotel rooms no smaller than 45 square meters per room or an otherwise commercially reasonable size, and any unsold Branded Residence units included in the Hotel rental pool as SODH, MCL and the JVCo may mutually agree;
“Independent Board Committee”	the committee of the Board comprising Professor Garry C. BIDDLE, Dr. Edgar W. K. CHENG and Dr. Roger L. McCARTHY, each being an independent non-executive Director, constituted to consider the opinion of the Independent Financial Adviser;
“JV Brand”	all intellectual property rights in the name of “88 Tiandi” in English and “八八天地” in Chinese, or such other name(s) as the Shui On Group and the Langham Hospitality Group may agree;
“JV Group”	JVCo and its subsidiaries;
“JV Project”	the joint venture arrangement between the Shui On Group and the Langham Hospitality Group to establish the JVCo for the purposes of owning and holding the JV Brand for use by Hotels and Branded Residences in the PRC;
“JVCo”	88 Tiandi (BVI) Limited, a company incorporated in the British Virgin Islands and a non-wholly owned subsidiary of Great Eagle, which is owned as to 40% by the Shui On Group and 60% by the Langham Hospitality Group;
“Langham Hospitality Group”	Langham Hospitality Group Limited (a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Great Eagle) and its subsidiaries, including MCL, LHC and the JV Group, which form part of the Great Eagle Group;

“LHC”	Langham Hotels (China) Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Great Eagle;
“License Agreements”	include hotel license agreements, marketing license agreements and/or operations license agreements;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Master Agreement”	the framework agreement dated 22 August 2011 between SODH and LHC in relation to the Services Contracts to be entered into between the Shui On Group and the members of the Langham Hospitality Group involving the JV Brand;
“MCL”	Mighty Corporate Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of Great Eagle;
“Mr. Lo”	Mr. Vincent H. S. LO;
“Platinum” or “Independent Financial Adviser”	Platinum Securities Company Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee in respect of the requirements under Rule 14A.35(1) of the Listing Rules;
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region and Taiwan area;
“Property Manager”	上海豐誠物業管理有限公司 (Shanghai Feng Cheng Property Management Co., Ltd.*), a company incorporated in the PRC and an indirect wholly-owned subsidiary of SODH, or any other affiliates of SODH with appropriate qualifications or any other property manager with appropriate qualifications as mutually

	agreed upon by SODH, MCL and the JVCo to act as property manager to manage the Branded Residences;
“RMB”	Renminbi, the lawful currency of the PRC;
“Service” or “Services”	the provision of fitting-out, centralized services, marketing and management services, and the granting of licenses by the Langham Hospitality Group to the Shui On Group under the Services Contracts in furtherance of the JV Project;
“Services Contracts”	the services contracts comprising the Hotel Agreements, the Branded Residences Agreements and the License Agreements to be entered into between the Shui On Group and the members of the Langham Hospitality Group under the Master Agreement which set out the specific kind of Services, payment and other customary terms for the relevant Services;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	holders of shares of the Company;
“Shareholders’ Deed”	the shareholders’ deed dated 22 August 2011 between SODH, MCL and the JVCo in respect of the JV Project;
“Shui On Group”	the Company and its subsidiaries;
“Shui On Hotel(s)”	Hotel(s) owned by SODH or its affiliates in the PRC;
“SODH”	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;

“Trademarks”

such marks as specified in the Shareholders’ Deed and any other names, service marks, trademarks, trade names, slogans, symbols, designs, insignia, emblems and other identifying characteristics of the JV Brand developed from time to time; 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 = RMB0.82. 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, 22 August 2011

At the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman), Mr. Freddy C. K. LEE (Chief Executive Officer) and Mr. Daniel Y. K. WAN; the non-executive directors of the Company are The Honourable LEUNG Chun Ying and Mr. Frankie Y. L. WONG; 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*