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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)



瑞安建業有限公司*

SOCAM Development Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 983)

CONTINUING CONNECTED TRANSACTIONS

NEW FRAMEWORK AGREEMENT

References are made to (a) the announcement dated 15 February 2007 and the circular dated 8 March 2007 issued by SOCAM; and (b) the joint announcement of SOL and SOCAM dated 15 December 2008 and the circular dated 5 January 2009 of each of SOL and SOCAM relating to the Construction Services Framework Agreement entered into between SOL and SSOC on the provision of Construction Services by SSOC to SOL Group.

The term of the Construction Services Framework Agreement will end on 31 December 2011. On 9 December 2011, SOL and SOC, a wholly-owned subsidiary of SOCAM, entered into the New Framework Agreement to provide new guidelines and basis of annual caps on the provision of Construction Services by SOC Group, including SSOC as one of its members, to SOL Group for a further term of three financial years to 31 December 2014.

Mr. Lo, who is the Chairman of SOL, and his associates are together entitled to control the exercise of more than 30% of the voting power at general meetings of SOL. Mr. Lo, who is also the Chairman of SOCAM, and his associates are together entitled to control the exercise of more than 30% of the voting power at general meetings of SOCAM. Therefore, SOCAM and SOC are associates of a connected person of SOL. Accordingly, the transactions contemplated under the New Framework Agreement will constitute continuing connected transactions of SOL under Chapter 14A of the Listing Rules. Since the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules calculated for SOL with reference to the Caps exceed 5%, SOL is required to comply with the announcement, Independent SOL Shareholders' approval, annual review and reporting requirements under Chapter 14A of the Listing Rules.

In view of Mr. Lo's interest in SOL as set out above, SOL is an associate of a connected person of SOCAM. Accordingly, the transactions contemplated under the New Framework Agreement will constitute continuing connected transactions of SOCAM under Chapter 14A of the Listing Rules. Since the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules calculated for SOCAM with reference to the Caps exceed 5%, SOCAM is required to comply with the announcement, Independent SOCAM Shareholders' approval, annual review and reporting requirements under Chapter 14A of the Listing Rules.

BACKGROUND

References are made to (a) the announcement dated 15 February 2007 and the circular dated 8 March 2007 issued by SOCAM; and (b) the joint announcement of SOL and SOCAM dated 15 December 2008 and the circular dated 5 January 2009 of each of SOL and SOCAM relating to the Construction Services Framework Agreement entered into between SOL and SSOC on the provision of Construction Services by SSOC to SOL Group.

The term of the Construction Services Framework Agreement will end on 31 December 2011. On 9 December 2011, SOL and SOC, a wholly-owned subsidiary of SOCAM, entered into the New Framework Agreement to provide new guidelines and basis of annual caps on the provision of Construction Services by SOC Group, including SSOC as one of its members, to SOL Group for a further term of three financial years to 31 December 2014.

NEW FRAMEWORK AGREEMENT

Date: 9 December 2011

Parties: (1) SOL; and

(2) SOC

Term: Three financial years to 31 December 2014

Subject: To provide new guidelines and basis of annual caps on the provision of Construction Services by SOC Group to SOL Group

For the Construction Services with a contract sum of less than RMB5 million (equivalent to approximately HK\$6 million):

- (a) SOC Group may provide to SOL Group the Construction Services on such normal commercial terms as they may agree with each other from time to time in accordance with the prevailing market rates or, if there is no prevailing market rate available, fair and reasonable prices based on arm's length negotiations with reference to the prevailing rates for materials and labour as published in the relevant provincial or city guidelines; and
- (b) both SOL Group and SOC Group are not bound to contract with each other for the Construction Services and both have the right to obtain or provide the Construction Services from and to independent third parties at their discretion.

For the Construction Services with a contract sum of RMB5 million (equivalent to approximately HK\$6 million) or more:

- (a) SOC Group (or its agent) may bid for contracts for the Construction Services put out to tender by SOL Group in accordance with its tendering procedures from time to time in place on the same terms as offered to the other independent third parties; and
- (b) if any contract for the Construction Services is granted to SOC Group as a result of a successful bid, SOC Group will provide the Construction Services to SOL Group based on the terms of the successful bid.

ANNUAL CAPS

The maximum aggregate annual sum for all the Construction Services provided and to be provided during the relevant financial year by SOC Group to SOL Group which would be recognised as revenue of SOC Group for each of the three financial years ending 31 December 2012, 31 December 2013 and 31 December 2014 shall not exceed RMB970 million (equivalent to approximately HK\$1,183 million), RMB1,060 million (equivalent to approximately HK\$1,293 million) and RMB1,250 million (equivalent to approximately HK\$1,524 million) respectively (the “**Caps**”).

The total amount of revenue recognised by SSOC for all the Construction Services provided to SOL Group for the two financial years ended 31 December 2010 amounted to approximately RMB196 million (equivalent to approximately HK\$239 million) and RMB527 million (equivalent to approximately HK\$643 million) respectively. The total amount of revenue recognised by SSOC for the Construction Services provided to SOL Group for the nine months ended 30 September 2011 amounted to approximately RMB622 million (equivalent to approximately HK\$759 million).

The Caps are determined based on the estimated amount of work done to be certified, which will be recognised as revenue upon progressive completion of the outstanding construction services, under the contracts previously awarded to SSOC, and with reference to the expected increase in the Construction Services for the three financial years ending 31 December 2014 which will be performed for new contracts that may be awarded by SOL Group to SOC Group, in light of the volume of new contracts under negotiation, and the existing and possible growth in the property development project portfolio of SOL Group in the coming financial years.

THE REASON FOR AND BENEFIT OF THE CONTINUING CONNECTED TRANSACTIONS

With SOL Group's active participation in the property development market in the PRC and considering the track record, experience and expertise of SOC Group who understands well the construction requirements and standards of SOL, the New Framework Agreement allows both SOL and SOCAM to fully capitalise on their respective strength and expertise for the development of their businesses.

The directors of SOL (other than the members of the SOL Independent Board Committee whose views will be set out in the circular to be despatched to the SOL Shareholders together with the opinion of the SOL Independent Financial Adviser) consider that the transactions contemplated under the New Framework Agreement are in the ordinary and usual course of business of SOL Group, the New Framework Agreement (together with the Caps) has been agreed on normal commercial terms after arm's length negotiations between the parties, and the terms of the New Framework Agreement and the transactions contemplated thereunder (together with the Caps) are fair and reasonable and in the interests of the SOL Shareholders as a whole.

The directors of SOCAM (other than the members of the SOCAM Independent Board Committee whose views will be set out in the circular to be despatched to the SOCAM Shareholders together with the opinion of the SOCAM Independent Financial Adviser) consider that the transactions contemplated under the New Framework Agreement are in the ordinary and usual course of business of SOCAM Group, the New Framework Agreement (together with the Caps) has been agreed on normal commercial terms after arm's length negotiations between the parties, and the terms of the New Framework Agreement and the transactions contemplated thereunder (together with the Caps) are fair and reasonable and in the interests of the SOCAM Shareholders as a whole.

The SOL Shareholders and SOCAM Shareholders should note that the Caps represent reasonable estimates made by SOL and SOCAM of the aggregate annual amount of the relevant transactions based on the information currently available. The Caps bear no direct relationship to, nor should they be taken to have any direct bearing on, the financial or potential financial performance of SOL Group and SOCAM Group, as SOL Group may or may not engage SOC Group for the Construction Services up to the level of the Caps, if at all, and both have the right to obtain or provide the Construction Services from and to independent third parties at their discretion.

LISTING RULES IMPLICATIONS

Mr. Lo, who is the Chairman of SOL, and his associates are together entitled to control the exercise of more than 30% of the voting power at general meetings of SOL. Mr. Lo, who is also the Chairman of SOCAM, and his associates are together entitled to control the exercise of more than 30% of the voting power at general meetings of SOCAM. Therefore, SOCAM and SOC are associates of a connected person of SOL. Accordingly, the transactions contemplated under the New Framework Agreement will constitute continuing connected transactions of SOL under Chapter 14A of the Listing Rules. Since the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules calculated for SOL with reference to the Caps exceed 5%, SOL is required to comply with the announcement, Independent SOL Shareholders' approval, annual review and reporting requirements under Chapter 14A of the Listing Rules.

SOL will seek the Independent SOL Shareholders' approval of the New Framework Agreement and the transactions contemplated thereunder (together with the Caps) at the SOL EGM by way of poll. Mr. Lo and his associates shall abstain from voting at the SOL EGM. SOL will take such steps as may be appropriate to ensure compliance with the Listing Rules if the New Framework Agreement and the transactions contemplated thereunder (together with the Caps) are not approved by the Independent SOL Shareholders at the SOL EGM.

SOL Independent Financial Adviser has been appointed to advise on whether the New Framework Agreement and the transactions contemplated thereunder (together with the Caps) are in the ordinary and usual course of business of SOL Group, on normal commercial terms, fair and reasonable and in the interests of SOL and the SOL Shareholders as a whole. SOL Independent Board Committee has also been established to advise the Independent SOL Shareholders in the same respect. A circular containing, amongst other things, (i) further details in connection with the New Framework Agreement and the transactions contemplated thereunder (together with the Caps); (ii) the recommendation of the SOL Independent Board Committee to the Independent SOL Shareholders; and (iii) a letter of advice from the SOL Independent Financial Adviser to the SOL Independent Board Committee and the Independent SOL Shareholders is expected to be despatched to the SOL Shareholders on or around 3 January 2012.

In view of Mr. Lo's interest in SOL as set out above, SOL is an associate of a connected person of SOCAM. Accordingly, the transactions contemplated under the New Framework Agreement will constitute continuing connected transactions of SOCAM under Chapter 14A of the Listing Rules. Since the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules calculated for SOCAM with reference to the Caps exceed 5%, SOCAM is required to comply with the announcement, Independent SOCAM Shareholders' approval, annual review and reporting requirements under Chapter 14A of the Listing Rules.

SOCAM will seek the Independent SOCAM Shareholders' approval of the New Framework Agreement and the transactions contemplated thereunder (together with the Caps) at the SOCAM SGM by way of poll. Mr. Lo and his associates shall abstain from voting at the SOCAM SGM. SOCAM will take such steps as may be appropriate to ensure compliance with the Listing Rules if the New Framework Agreement and the transactions contemplated thereunder (together with the Caps) are not approved by the Independent SOCAM Shareholders at the SOCAM SGM.

SOCAM Independent Financial Adviser has been appointed to advise on whether the New Framework Agreement and the transactions contemplated thereunder (together with the Caps) are in the ordinary and usual course of business of SOCAM Group, on normal commercial terms, fair and reasonable and in the interests of SOCAM and the SOCAM Shareholders as a whole. SOCAM Independent Board Committee has also been established to advise the Independent SOCAM Shareholders in the same respect. A circular containing, amongst other things, (i) further details in connection with the New Framework Agreement and the transactions contemplated thereunder (together with the Caps); (ii) the recommendation of the SOCAM Independent Board Committee to the Independent SOCAM Shareholders; and (iii) a letter of advice from the SOCAM Independent Financial Adviser to the SOCAM Independent Board Committee and the Independent SOCAM Shareholders is expected to be despatched to the SOCAM Shareholders on or around 3 January 2012.

GENERAL

SOL Group is one of the leading property developers in the PRC. 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.

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

SOC Group, a construction arm of SOCAM, is principally engaged in building construction and maintenance, interior fitting-out and management contracting services.

DEFINITIONS

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

“associate(s)”, “connected person(s)”, “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“Caps”	has the meaning ascribed to it under the section headed “Annual Caps”;
“Construction Services”	the construction services, including but not limited to civil engineering, electrical work and fitting-out work for building construction and decoration and renovation work, all in respect of property development projects of SOL Group in the PRC;
“Construction Services Framework Agreement”	the construction services framework agreement dated 4 June 2006 entered into between SOL and SSOC in respect of the provision of Construction Services as supplemented by the supplemental agreement dated 15 December 2008;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Independent SOCAM Shareholders”	SOCAM shareholders, other than Mr. Lo and his associates;
“Independent SOL Shareholders”	SOL shareholders, other than Mr. Lo and his associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Lo”	Mr. Lo Hong Sui, Vincent;

“New Framework Agreement”	the construction services framework agreement dated 9 December 2011 entered into between SOL and SOC in respect of the provision of the Construction Services;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Taiwan and the Macao Special Administrative Region of the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“SOCAM”	SOCAM Development Limited, a company incorporated in Bermuda with limited liability and listed on the main board of the Stock Exchange (stock code: 983);
“SOCAM Group”	SOCAM and its subsidiaries;
“SOCAM Independent Board Committee”	the committee of the board comprising Mr. Gerrit Jan de Nys, Ms. Li Hoi Lun, Helen, Mr. David Gordon Eldon, Mr. Chan Kay Cheung and Mr. Tsang Kwok Tai, Moses, each being an independent non-executive director of SOCAM, formed to advise the Independent SOCAM Shareholders on whether the terms and conditions of the New Framework Agreement and the transactions contemplated thereunder (together with the Caps) are fair and reasonable;
“SOCAM Independent Financial Adviser”	the independent financial adviser appointed by SOCAM to advise the SOCAM Independent Board Committee and the Independent SOCAM Shareholders on the New Framework Agreement and the transactions contemplated thereunder (together with the Caps);
“SOCAM SGM”	the special general meeting of SOCAM to be held for approving the New Framework Agreement and the transactions contemplated thereunder (together with the Caps);
“SOCAM Shareholders”	holders of SOCAM Shares;

“SOCAM Shares”	ordinary shares of nominal value HK\$1.00 each in the capital of SOCAM;
“SOC”	Shui On Contractors Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of SOCAM;
“SOC Group”	SOC and its subsidiaries;
“SOL”	Shui On Land Limited, a company incorporated in the Cayman Islands with limited liability and listed on the main board of the Stock Exchange (stock code: 272);
“SOL EGM”	the extraordinary general meeting of SOL to be held for approving the New Framework Agreement and the transactions contemplated thereunder (together with the Caps);
“SOL Group”	SOL and its subsidiaries;
“SOL Independent Board Committee”	the committee of the board comprising Sir John R. H. Bond, Dr. William K. L. Fung, Professor Gary C. Biddle, Dr. Roger L. McCarthy and Mr. David J. Shaw, each being an independent non-executive director of SOL, formed to advise the Independent SOL Shareholders on whether the terms and conditions of the New Framework Agreement and the transactions contemplated thereunder (together with the Caps) are fair and reasonable;
“SOL Independent Financial Adviser”	the independent financial adviser appointed by SOL to advise the SOL Independent Board Committee and the Independent SOL Shareholders on the New Framework Agreement and the transactions contemplated thereunder (together with the Caps);
“SOL Shareholders”	holders of SOL Shares;
“SOL Shares”	ordinary shares of nominal value US\$0.0025 each in the capital of SOL;

“SSOC”	瑞安建築有限公司 (Shui On Construction Co., Ltd.), a company organised under the laws of the PRC and an indirect non-wholly owned subsidiary of SOC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

For the purpose of this announcement and for illustration purpose only, conversion of RMB to HK\$ is based on the exchange rate of RMB0.82:HK\$1.00. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates.

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

By order of the board of directors
SOCAM Development Limited
Wong Kun To, Philip
*Managing Director and
Chief Executive Officer*

Hong Kong, 9 December 2011

At the date of this announcement, the executive directors of SOL 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 SOL are The Honourable LEUNG Chun Ying and Mr. Frankie Y. L. WONG; and the independent non-executive directors of SOL are Sir John R. H. BOND, 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, Mr. Choi Yuk Keung, Lawrence, Mr. Wong Kun To, Philip and Mr. Wong Fook Lam, Raymond; the non-executive director of SOCAM is Mr. Wong Yuet Leung, Frankie; and 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 purpose only*

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