

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Shui On Land Limited
瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 272)

CONNECTED TRANSACTION

**SUBSCRIPTION OF NEW SHARES IN
FORESIGHT PROFITS LIMITED
IN RELATION TO THE RUI HONG XIN CHENG PROJECT**

The Board announces that SODH, a wholly-owned subsidiary of the Company, applied to FPL, a 75%-owned subsidiary of the Company, on 20 June 2012 for the issuance of New Shares at a total cash consideration of RMB950,912,179 (approximately HK\$1,173,966,000). The Consideration represents the nominal value of the New Shares and a share premium of RMB950,900,000 (approximately HK\$1,173,951,000). EPL, holder of 25% equity interest in FPL, will not participate in subscribing the New Shares.

Following the completion of the Subscription, SODH's equity interest in the enlarged issued share capital of FPL will be increased by approximately 4.81% from 75% to 79.81%, while EPL's equity interest in FPL will be diluted by approximately 4.81% from 25% to 20.19%. FPL will remain as an indirect non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated in the Company's financial statements.

Since the holding company of EPL holds a 49% interest in another subsidiary of the Company, EPL is an associate of a controller (as defined under Chapter 14A of the Listing Rules). The Subscription involves a transaction where EPL, a substantial shareholder of FPL, is an associate of a controller. Therefore, the Subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratios in respect of the Subscription are more than 1% but less than 5%, the Subscription is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

** For identification purposes only*

THE SUBSCRIPTION

The Board announces that SODH, a wholly-owned subsidiary of the Company, applied to FPL, a 75%-owned subsidiary of the Company, on 20 June 2012 for the issuance of New Shares at a total cash consideration of RMB950,912,179 (approximately HK\$1,173,966,000). EPL, holder of 25% equity interest in FPL, will not participate in subscribing the New Shares.

The Consideration shall be payable by SODH to FPL upon completion of the Subscription which will take place on or before 30 June 2012. The Consideration represents the nominal value of the New Shares and a share premium of RMB950,900,000 (approximately HK\$1,173,951,000). The Consideration was determined by SODH, EPL and FPL on arm's length basis with reference to (i) the audited net asset value of FPL as at 31 December 2011 of approximately RMB1,583,000,000 (approximately HK\$1,954,321,000) and (ii) the valuation of the Rui Hong Xin Cheng Project of RMB25,869,950,000 (approximately HK\$32,000,000,000) as at 31 December 2011 prepared by CBRE, an independent valuer. The Consideration will be financed by the internal resources of the Group. FPL shall use the proceeds from the Subscription as general working capital and to fund capital expenditures which shall include but not limited to repayment of existing indebtedness and payment for relocation costs. FPL shall comply with the relevant requirements in respect of the Subscription in accordance with its articles of association and the Shareholders' Agreement.

After the Subscription, SODH's equity interest in the enlarged issued share capital of FPL will be increased by approximately 4.81% from 75% to 79.81% and EPL's equity interest will be diluted by approximately 4.81% from 25% to 20.19%. FPL will remain as an indirect non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated in the Company's financial statements.

INFORMATION ON FPL

The principal business activity of FPL is investment holding. FPL is owned as to 75% by SODH and 25% by EPL at the date of this announcement and immediately before the Subscription. The Company, through FPL, has 74.3% effective interest in the Rui Hong Xin Cheng Project except for the non-retail portion of Lot 6 of the Rui Hong Xin Cheng Project, where the Group has a 99% effective interest in it. The Company, through FPL, also has 75% effective interest in Phase 1 and Lot 167 of the Rui Hong Xin Cheng Project.

For the financial year ended 31 December 2010, the audited net profits before and after taxation of FPL were approximately RMB391,000,000 (approximately HK\$482,716,000) and approximately RMB178,000,000 (approximately HK\$219,753,000) respectively.

For the financial year ended 31 December 2011, the audited net profits before and after taxation of FPL were approximately RMB799,000,000 (approximately HK\$986,420,000) and approximately RMB389,000,000 (approximately HK\$480,247,000) respectively. The audited net asset value of FPL as of 31 December 2011 was approximately RMB1,583,000,000 (approximately HK\$1,954,321,000).

REASON(S) FOR THE SUBSCRIPTION AND THE EXPECTED BENEFITS TO THE COMPANY

As mentioned above, as a result of the Subscription, the Group will effectively increase its shareholding in FPL by 4.81% to 79.81%. The Consideration is based on FPL's adjusted net asset value, which is derived from CBRE's valuation on the Rui Hong Xin Cheng Project and FPL's audited financial statements for the year ended 31 December 2011 and it thus represents the market price of the New Shares. The Company is confident that the Rui Hong Xin Cheng Project will be one of the most valuable land parcels in Shanghai, PRC in the near future. Given the satisfactory outlook in the value of mix-used properties in this prime location and the reputable track record in the residential sales of the Rui Hong Xin Cheng Project, it is expected that the Subscription will offer excellent growth potential and represent an attractive investment opportunity for the Company.

IMPLICATIONS UNDER THE LISTING RULES

Since the holding company of EPL holds a 49% interest in another subsidiary of the Company, EPL is an associate of a controller (as defined under Chapter 14A of the Listing Rules). The Subscription involves a transaction where EPL, a substantial shareholder of FPL, is an associate of a controller. Therefore, the Subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratios in respect of the Subscription are more than 1% but less than 5%, the Subscription is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) believe that the terms of the Subscription were agreed on normal commercial terms in the ordinary and usual course of business of the Company after arm's length negotiation between the parties, and that the Subscription is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

None of the Directors has any material interest in the Subscription and was not required to abstain from voting on the relevant Board resolution approving the Subscription.

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.

DEFINITIONS

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

“associate(s)”, “controller”, “subsidiary(ies)”, “substantial shareholder(s)”	each has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“CBRE”	CB Richard Ellis Limited, an independent valuer;
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on The Stock Exchange of Hong Kong Limited;
“Consideration”	the total cash consideration of RMB950,912,179 (approximately HK\$1,173,966,000) payable by SODH to FPL for the Subscription;
“Directors”	the directors of the Company;
“EPL”	Elegant Partners Limited, a company incorporated under the laws of the British Virgin Islands;
“FPL”	Foresight Profits Limited, a company incorporated under the laws of the British Virgin Islands, with total issued shares of 8,076 shares owned as to 75% by SODH and 25% by EPL at the date of this announcement and immediately before the Subscription;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“New Shares”	1,924 new shares of FPL with nominal value of US\$1 each;

“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region and Taiwan area;
“RMB”	Renminbi, the lawful currency of the PRC;
“Rui Hong Xin Cheng Project”	The Rui Hong Xin Cheng property development project in Hongkou District, Shanghai, the PRC with an estimated total leasable and saleable gross floor area of approximately 1.255 million square metres as of 31 December 2011, comprising residential, office, retail and hotel properties;
“Shareholders”	holders of shares of the Company;
“Shareholders’ Agreement”	the shareholders’ agreement of FPL entered into between SODH, EPL, FPL, Silomax Limited, Selfers Limited and Hollyfield Holdings Limited on 19 May 2008 as may be amended and supplemented from time to time;
“SODH”	Shui On Development (Holding) Limited, a company incorporated under the laws of the Cayman Islands and a wholly-owned subsidiary of the Company;
“Subscription”	subscription of the New Shares by SODH;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	percent.

Unless otherwise specified in this announcement and for the purpose of illustration only, (i) RMB is translated into HK\$ at the rate of HK\$1.00 = RMB0.81 and (ii) US\$ is translated into RMB at the rate of US\$1.00 = RMB6.33. 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, 20 June 2012

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 director of the Company is Mr. Frankie Y. L. WONG; and the independent non-executive directors of the Company are Sir John R. H. BOND, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY and Mr. David J. SHAW.