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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)**

**CONTINUING CONNECTED TRANSACTIONS**

**THE FURTHER RENEWED CONSTRUCTION AGREEMENT  
IN RELATION TO THE DALIAN PROJECT**

Reference is made to the announcement of the Company dated 26 August 2010 and the circular of the Company dated 25 October 2010 in relation to the Framework Construction Agreement entered into between Richcoast and Yida pursuant to which the Yida Group may enter into contracts with the Richcoast Group to provide construction services. The term of the Framework Construction Agreement will end on 31 December 2012.

On 23 November 2012, Richcoast and Yida entered into the Further Renewed Construction Agreement to provide guidelines and basis of the Annual Caps for the provision of Construction Services by the Yida Group to the Richcoast Group for a further term of three financial years ending on 31 December 2015.

As Yida (through its wholly-owned subsidiary) is a substantial shareholder of Richcoast, a subsidiary of the Company for the purposes of the Listing Rules, Yida is a connected person of the Company. Therefore, the transactions contemplated under the Framework Construction Agreement as supplemented by the Further Renewed Construction Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratios (other than the profits ratio) as defined under the Listing Rules in respect of the Annual Caps exceed 5%, the Continuing Connected Transactions (together with the Annual Caps) are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under the Listing Rules.

*\* For identification purposes only*

At the date of this announcement, Shui On Investment Group and New Rainbow Investments Limited, a closely allied group of Shareholders, holds 3,272,383,609 shares and 143,007,098 shares of the Company respectively. Together, they hold approximately 56.91% of the entire issued share capital of the Company at the date hereof. Since none of the Shareholders is required to abstain from voting on the Continuing Connected Transactions, written approvals of Shui On Investment Group and New Rainbow Investments Limited in respect of the Continuing Connected Transactions will be obtained and an application has been made by the Company to the Stock Exchange for a waiver from the requirement for the Company to hold a Shareholders' meeting in accordance with Rule 14A.43 of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders, and an independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions.

It is expected that a circular containing, among other things, further details of the Continuing Connected Transactions, together with the recommendations of the Independent Board Committee, the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders will be dispatched to the Shareholders on or before 14 December 2012 in accordance with the Listing Rules.

## **THE FURTHER RENEWED CONSTRUCTION AGREEMENT**

Reference is made to the announcement of the Company dated 26 August 2010 and the circular of the Company dated 25 October 2010 in relation to the Framework Construction Agreement entered into between Richcoast and Yida pursuant to which the Yida Group may enter into contracts with the Richcoast Group to provide construction services. The term of the Framework Construction Agreement will end on 31 December 2012.

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## **ANNUAL CAPS**

It is expected that the maximum annual fees payable by the Richcoast Group to the Yida Group under the Framework Construction Agreement as supplemented by the Further Renewed Construction Agreement for each of the three financial years ending 31 December 2015 will be as follows:

	<b>During the financial year ending 31 December</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Annual Caps	RMB1,000,000,000	RMB1,000,000,000	RMB1,000,000,000
	(approximately	(approximately	(approximately
	HK\$1,250,000,000)	HK\$1,250,000,000)	HK\$1,250,000,000)

In determining the Annual Caps, the Directors have taken into account (i) the estimated construction costs which the Richcoast Group will incur for each of the three financial years ending 31 December 2015 based on the latest development plan of the Dalian Project; (ii) the estimated total annual contract amount payable by the Richcoast Group to the Yida Group for the Construction Services which have been awarded to the Yida Group or are in discussion between the Richcoast Group and the Yida Group; and (iii) the quality, capability and the scope of the services that can be provided by the Yida Group as compared with other contractors of similar rank.

The fees paid and/or payable by the Richcoast Group to the Yida Group in respect of the Construction Services were approximately RMB550,000,000 (approximately HK\$688,000,000) for the financial year ended 31 December 2010, RMB946,000,000 (approximately HK\$1,183,000,000) for the financial year ended 31 December 2011 and RMB171,000,000 (approximately HK\$214,000,000) in respect of the six months ended 30 June 2012.

## **REASONS AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

In view of the latest development plan of the Dalian Project, the Richcoast Group anticipated that Construction Services would be demanded from the Yida Group in coming years. The Dalian Project will focus on residential development for the next three years from 2013 to 2015, accompanying with certain construction works on office and retail properties, infrastructure and public utilities to complete the master development plan of the Dalian Project with the product mix that is currently preferred in the market. Taking into consideration that the estimated total annual contract amount payable by the Richcoast Group to the Yida Group for the Construction Services which have been awarded to the Yida Group or are in discussion between the Richcoast Group and the Yida Group, the Company considered that it is necessary to enter into the Further Renewed Construction Agreement to set the Annual Caps for the three financial years ending on 31 December 2015. The Directors consider that the entering into of the Further Renewed Construction Agreement will allow the Group to meet the development schedule and potentially enjoy the resulting economic benefits, which is in line with the commercial objectives of the Group. The Richcoast Group is aware that the implementation of home purchase restriction policies by the PRC Central Government has led to a slowdown in the property markets in the PRC. The Richcoast Group will position itself strategically to cope with this challenging operating environment.

The Yida Group was engaged by the Richcoast Group since year 2008 to perform site formation work for certain plots of area of the Land. The Directors are of the view that, considering the strength and experience of the Yida Group in handling large-scale development projects in Dalian and the Group's smooth and close working experience with the Yida Group in the past, Yida is one of the few competent contractors which has adequate capacity and strong local experience to cope with the Group's scheduled development in the Dalian Project. In addition, the Group is satisfied with the Yida Group's high quality services.

The Directors (other than the members of the Independent Board Committee whose view will be set out in the circular to be dispatched to the Shareholders together with the opinion of the independent financial adviser) consider that the Continuing Connected Transactions are in the ordinary and usual course of business of the Group, the Continuing Connected Transactions have been agreed on normal commercial terms after arm's length negotiations between the parties and the terms of 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.

## **IMPLICATIONS UNDER THE LISTING RULES**

As Yida (through its wholly-owned subsidiary) is a substantial shareholder of Richcoast, a subsidiary of the Company for the purposes of the Listing Rules, Yida is a connected person of the Company. Therefore, the transactions contemplated under the Framework Construction Agreement as supplemented by the Further Renewed Construction Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratios (other than the profits ratio) as defined under the Listing Rules in respect of the Annual Caps exceed 5%, the Continuing Connected Transactions (together with the Annual Caps) are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under the Listing Rules.

At the date of this announcement, Shui On Investment Group and New Rainbow Investments Limited, a closely allied group of Shareholders, holds 3,272,383,609 shares and 143,007,098 shares of the Company respectively. Together, they hold approximately 56.91% of the entire issued share capital of the Company at the date hereof. Since none of the Shareholders is required to abstain from voting on the Continuing Connected Transactions, written approvals of Shui On Investment Group and New Rainbow Investments Limited in respect of the Continuing Connected Transactions will be obtained and an application has been made by the Company to the Stock Exchange for a waiver from the requirement for the Company to hold a Shareholders' meeting in accordance with Rule 14A.43 of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders, and an independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions.

It is expected that a circular containing, among other things, further details of the Continuing Connected Transactions, together with the recommendations of the Independent Board Committee, the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders will be dispatched to the Shareholders on or before 14 December 2012 in accordance with the Listing Rules.

## GENERAL INFORMATION

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.

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:*

<b>“Annual Cap(s)”</b>	the maximum annual fees payable by the Richcoast Group to the Yida Group for the provision of Construction Services for the three financial years ending 31 December 2015;
<b>“Board”</b>	the board of Directors;
<b>“Company”</b>	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;
<b>“connected person”, “subsidiary”, “substantial shareholder”</b>	each has the meaning ascribed to it in the Listing Rules;
<b>“Construction Services”</b>	the construction services provided and to be provided by the Yida Group to the Richcoast Group under the Framework Construction Agreement as supplemented by the Further Renewed Construction Agreement, including but not limited to the excavation and/or filing, clearance of the construction site, removal of the construction garbage, setting up drainage system and construction of the main structures of the Land;
<b>“Continuing Connected Transactions”</b>	the transactions contemplated under the Framework Construction Agreement as supplemented by the Further Renewed Construction Agreement;
<b>“Dalian Project”</b>	the Dalian Tiandi property development project jointly developed and operated by the 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;

<b>“Directors”</b>	the directors of the Company;
<b>“Framework Construction Agreement”</b>	the framework construction agreement dated 7 August 2008 entered into between Richcoast and Yida in respect of the provision of construction services, as supplemented by a supplemental agreement dated 17 July 2009 and the second supplemental agreement dated 26 August 2010 entered into between Richcoast and Yida;
<b>“Further Renewed Construction Agreement”</b>	the third supplemental agreement dated 23 November 2012 entered into between Richcoast and Yida which further extend the term of the Framework Construction Agreement;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	Hong Kong Special Administrative Region of the PRC;
<b>“Independent Board Committee”</b>	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, formed to advise the Independent Shareholders on whether the terms and conditions of the Continuing Connected Transactions are fair and reasonable;
<b>“Independent Shareholders”</b>	all the Shareholders as no Shareholder is required to abstain from voting in relation to the approval of the Continuing Connected Transactions;
<b>“Land”</b>	the land area constituting the Dalian Project;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“PRC”</b>	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region and Taiwan area;
<b>“Richcoast”</b>	Richcoast Group Limited (a non wholly-owned subsidiary of the Company 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 the Company), 28.2% by Main Zone Group Limited (a member of the SOCAM Group) and 10.26% by Many Gain International Limited (a member of the Yida Group) respectively;

<b>“Richcoast Group”</b>	Richcoast and its subsidiaries;
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC;
<b>“Shareholders”</b>	holders of ordinary shares of the Company;
<b>“Shui On Investment Group”</b>	Shui On Investment Company Limited and three of its wholly-owned subsidiaries namely Shui On Properties Limited, Chester International Cayman Limited and Lanvic Limited;
<b>“SOCAM Group”</b>	SOCAM Development Limited and its subsidiaries;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“Yida”</b>	Yida Group Company Limited, a limited liability company incorporated in the PRC;
<b>“Yida Group”</b>	Yida and its subsidiaries; and
<b>“%”</b>	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 = RMB0.80. 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, 23 November 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.*