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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

If you have sold or transferred all your shares in Shui On Land Limited, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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) DISCLOSEABLE AND CONNECTED TRANSACTION

**Disposal of 25% equity interest in Foresight Profits Limited and
an option for the disposal of additional 24% equity interest in
Foresight Profits Limited**

AND

(2) POSSIBLE CONNECTED TRANSACTION

**Provision of Guarantee for the benefit of Foresight Profits Limited
and its subsidiaries**

*Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders*



BNP PARIBAS
CORPORATE & INVESTMENT BANKING

A letter from the Independent Board Committee is set out on pages 13 and 14 of this circular.

A letter from BNP Paribas, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 15 to 24 of this circular.

** for identification purposes only*

26 June 2008

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DEFINITIONS

In this circular, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:

“Agreement”	a sale and purchase agreement dated 19 May 2008 entered into between SOD and WCL;
“Announcement”	the announcement of the Company dated 19 May 2008 in respect of, among other things, the Transaction and the Guarantee;
“associate”	has the meaning ascribed to it in the Listing Rules;
“BNP Paribas” or “Independent Financial Adviser”	BNP Paribas Capital (Asia Pacific) Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, and a corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO;
“Board”	the board of Directors;
“Business Day”	a day other than a Saturday or Sunday, on which banks are open in Hong Kong, Cayman Islands and the PRC to the general public for business;
“Call Option”	an irrevocable call option granted by SOD to WCL for the acquisition of a further 24% equity interest in FPL as contemplated under the Agreement;
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange;
“connected person”	has the meaning ascribed to it in the Listing Rules;
“Construction Costs”	the total construction costs incurred and to be incurred for the purpose of or in connection with the development of Shanghai RHXC Project;
“Development Costs”	the aggregate of the Construction Costs, interest expenses and sales and marketing costs incurred or to be incurred in connection with the development and sales and marketing of Shanghai RHXC Project;
“Directors”	the directors of the Company;
“Disposal”	disposal of a 25% equity interest in FPL by SOD to WCL (or its designated transferee) in accordance with the terms of the Agreement;

DEFINITIONS

“FPL”	Foresight Profits Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of SOD;
“FPL Group”	FPL and its subsidiaries;
“Guarantee”	a guarantee dated 20 June 2006 between the Company, SOD and SCB (as agent) in relation to the provision of guarantee to facilitate the making of loans of up to the equivalent of approximately RMB1,199 million by a consortium of banks to the FPL Group;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the committee of the Board comprising Dr. Edgar W. K. CHENG, Professor Gary C. BIDDLE and Dr. Roger L. McCARTHY, each being an independent non-executive director of the Company, formed to consider the matters referred to in this circular and advise the Independent Shareholders on whether the Transaction and the Guarantee are fair and reasonable;
“Independent Shareholders”	all the Shareholders as no Shareholder is required to abstain from voting in relation to the approval of the Transaction and the Guarantee;
“Latest Practicable Date”	19 June 2008, being the latest practicable date for ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan;
“Relocation and Land Costs”	the total costs incurred and to be incurred for the purpose of or in connection with obtaining the land use rights and the expropriation and clearing of the land constituting Shanghai RHXC Project;
“RMB”	Renminbi, the lawful currency of the PRC;
“SCB”	Standard Chartered Bank, Shanghai Branch;

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shanghai RHXC Project”	a development project in Shanghai, PRC, which involves parcels of land comprising various portions of Phase I and Phase II of Rui Hong Xin Cheng project, and the parcels of land identified as Lots 1 to 4 and Lots 6 to 10 in Hongkou District, Shanghai, PRC;
“Share(s)”	ordinary share(s) of US\$0.0025 each of the issued share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Shareholders’ Agreement”	a shareholders’ agreement dated 19 May 2008 entered into between SOD, WCL and FPL in relation to the regulation of their respective shareholdings in, and the management of, FPL;
“SOCAM”	Shui On Construction and Materials Limited, a company incorporated in Bermuda whose securities are listed on the Stock Exchange (Stock code: 983);
“SOCL”	Shui On Company Limited, the controlling shareholder interested in approximately 54.39% of the issued share capital of the Company;
“SOD”	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;
“subsidiary”	has the meaning ascribed to it in the Listing Rules;
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules;
“Transaction”	collectively the Disposal and the grant of the Call Option, the major terms of which are summarised under the section headed “The Agreement” in this circular;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“WCL”	Winnington Capital Limited, a company incorporated under the laws of Hong Kong.

Unless otherwise specified in this circular and for the purpose of illustration only, RMB is translated to HK\$ at the rate of HK\$1.00 = RMB0.896. No representation is made that any amount in RMB has been or could be converted at the above rate or at any other rates or at all.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Vincent H. S. LO

(Chairman and Chief Executive Officer)

Mr. William T. ADDISON

Non-Executive Director:

The Honourable LEUNG Chun Ying

Independent Non-Executive Directors:

Sir John R. H. BOND

Dr. Edgar W. K. CHENG

Dr. William K. L. FUNG

Professor Gary C. BIDDLE

Dr. Roger L. McCARTHY

Mr. David J. SHAW

Registered Office:

Walker House

87 Mary Street

George Town

Grand Cayman KY1-9002

Cayman Islands

Place of Business in Hong Kong:

34/F, Shui On Centre

6-8 Harbour Road

Wan Chai

Hong Kong

26 June 2008

To the Shareholders,

Dear Sir or Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTION

**Disposal of 25% equity interest in Foresight Profits Limited and
an option for the disposal of additional 24% equity interest in
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AND

(2) POSSIBLE CONNECTED TRANSACTION

**Provision of Guarantee for the benefit of Foresight Profits Limited
and its subsidiaries**

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LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the announcement of the Company dated 19 May 2008 in respect of, among other things, the Transaction and the Guarantee (the “Announcement”).

On 19 May 2008, SOD, a wholly-owned subsidiary of the Company, entered into the Agreement with WCL pursuant to which WCL will acquire from SOD a 25% equity interest in FPL, a wholly-owned subsidiary of SOD, for a total consideration of RMB1,125 million (approximately HK\$1,255.6 million). WCL was also granted by SOD an irrevocable call option to acquire a further 24% equity interest in FPL at an exercise price of RMB1,134 million (approximately HK1,265.6 million) plus an amount (if any) representing the difference in any shareholder contribution made between the closing of the Disposal and the completion of the purchase of the additional equity interest in FPL under the Call Option that would have been applicable if WCL held 49% equity interest in FPL at the date of shareholder contribution (the “Transaction”). The major asset of FPL comprises Shanghai RHXC Project.

On 20 June 2006, the Company and SOD entered into a guarantee with SCB (as agent) pursuant to which the Company and SOD agreed to provide a joint and several guarantee to facilitate the making of loans of up to the equivalent of approximately RMB1,199 million (approximately HK\$1,338.2 million) by a consortium of banks to the FPL Group (the “Guarantee”). The Guarantee will continue following the completion of the Transaction. In consideration of the Company and SOD agreeing to continue the Guarantee following the completion of the Transaction, WCL agreed to pay a guarantee fee to SOD with reference to the difference in interest rates of the loans provided to the FPL Group that would have been applicable if there were no Guarantee given by the Company and SOD. It is expected that the amount of such guarantee fee will not exceed RMB50 million (approximately HK\$55.8 million).

The Transaction constitutes a discloseable and connected transaction of the Company for the purposes of the Listing Rules. If the Call Option is exercised and completed, FPL will become an associate of WCL and the members of the FPL Group will become connected persons of the Company. Accordingly, the provision of the Guarantee by the Company and SOD to the FPL Group may constitute a connected transaction for the Company.

The purpose of this circular is to provide the Shareholders with further details of, among other things, the Transaction and the Guarantee and to set out the opinion of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Transaction and the Guarantee.

LETTER FROM THE BOARD

THE AGREEMENT

Date: 19 May 2008

Parties:

- (i) SOD, a wholly-owned subsidiary of the Company (as the seller); and
- (ii) WCL (as the purchaser).

WCL is a connected person of the Company by virtue of its 19.8% interest in Score High Limited, which is a subsidiary of the Company.

Subject:

The transactions contemplated under the Agreement involve the disposal of a 25% equity interest in FPL by SOD to WCL (or its designated transferee) (the “Disposal”) and the grant of an irrevocable call option by SOD to WCL to acquire a further 24% equity interest in FPL (the “Call Option”).

FPL is currently a subsidiary of the Company which indirectly holds the parcels of land comprising various portions of Phase I and Phase II of Shanghai RHXC Project and the parcels of land identified as Lots 1 to 4 and Lots 6 to 10 in Hongkou District, Shanghai, PRC. Shanghai RHXC Project is an integrated residential development project which is being developed by the Group in various phases. All the residential units in Phases I and II of Shanghai RHXC Project have been completed and sold. Construction of the residential portions in Lot 8 of Shanghai RHXC Project is currently in progress, and land clearance works in Lots 4 and 6 of Shanghai RHXC Project are currently in progress.

As disclosed in the announcement of the Company dated 26 February 2008, FPL purchased from Smithton Limited (an indirect wholly-owned subsidiary of SOCL) 100% of the issued share capital and shareholders’ loans of Silomax Limited which indirectly owns Phase I of Shanghai RHXC Project for a cash consideration of approximately HK\$152.7 million.

Consideration for the Disposal

The total consideration for the Disposal is RMB1,125 million (approximately HK\$1,255.6 million) in cash. The first instalment of RMB990 million (approximately HK\$1,104.9 million) will become payable by WCL to SOD upon completion of the Disposal. Subject to completion of the Disposal, the balance amount of RMB135 million (approximately HK\$150.7 million), together with the interest for the period between the closing date of the Disposal and the actual payment date of such balance amount, will be paid by WCL to SOD on or before 31 March 2009. The payments by WCL to SOD under the Agreement shall be made in US\$ at the prevailing exchange rate to be determined by reference to the average exchange rate on each of the five Business Days immediately preceding the date of the relevant payment.

LETTER FROM THE BOARD

The Disposal was negotiated and entered into on an arm's length basis and on normal commercial terms. The total consideration for the Disposal was determined with reference to a premium of approximately 4.4 times over 25% of the unaudited consolidated net book asset value of FPL in the amount of approximately RMB829 million (approximately HK\$925.2 million) at 31 December 2007. Such premium was determined with reference to the future development potential of Shanghai RHXC Project, and taking into account the Company's expertise and experience in master planning and design of large-scale integrated project development in the PRC. The unaudited consolidated net book asset value of FPL was determined with reference to (a) the market value of the underlying properties in the amount of RMB1.8 billion (approximately HK\$2.0 billion) (as mentioned below) and (b) existing shareholders' loans in the amount of RMB715 million (approximately HK\$798.0 million) at the Latest Practicable Date which will not be assigned to WCL upon completion of the transactions contemplated under the Agreement. Such loans are interest bearing.

As a point of comparison, valuation of the properties undertaken by a professional property valuer, Knight Frank Petty Limited, in the underlying Shanghai RHXC Project attributable to the Company as of 30 April 2008 was approximately RMB9.8 billion (approximately HK\$10.9 billion) assuming that all the outstanding relocation costs have been paid. Please refer to Appendix I for further details of such valuation report. By taking into account historical relocation costs, the Company estimates that the total outstanding relocation costs could amount to approximately RMB8.0 billion (approximately HK\$8.9 billion). Such costs are subject to change depending on the actual amount of relocation costs at the time. Based on the aforesaid valuation and estimation, the market value of the properties after taking into consideration of the outstanding relocation costs is approximately RMB1.8 billion (approximately HK\$2.0 billion).

The Call Option

SOD has also granted the Call Option to WCL pursuant to the Agreement, exercisable by WCL during the period commencing from 1 December 2008 and ending on 31 December 2008, for the acquisition from SOD of a further 24% equity interest in FPL at an exercise price of RMB1,134 million (approximately HK\$1,265.6 million) plus an amount (if any) representing the difference in any shareholder contribution made between the closing of the Disposal and the completion of the purchase of the additional equity interest in FPL under the Call Option that would have been applicable if WCL held 49% equity interest in FPL at the date of shareholder contribution. Such option price shall be paid by WCL to SOD in US\$ at the prevailing exchange rate to be determined by reference to the average exchange rate on each of the five Business Days immediately preceding the date of payment of such price. The Company will issue an announcement upon exercise, expiry or transfer of the Call Option in accordance with the applicable requirements under the Listing Rules.

The Call Option was negotiated on an arm's length basis and on normal commercial terms. The exercise price of the Call Option was determined with reference to a premium of approximately 4.7 times over 24% of the unaudited consolidated net book asset value of FPL in the amount of approximately RMB829 million (approximately HK\$925.2 million) at 31 December 2007. Such premium was determined with reference to the future development potential of Shanghai RHXC Project, and taking into account the Company's expertise and experience in master planning and design of large-scale integrated project development in the PRC.

LETTER FROM THE BOARD

Conditions

The completion of the Agreement is conditional upon the fulfilment (or waiver, as the case may be) of the following conditions:

- (i) obtaining the written approval of the Shareholders of the Company for the transactions contemplated under the Agreement; and
- (ii) where appropriate, obtaining written acknowledgements from financial institutions consenting to the Transaction.

Condition (i) has been fulfilled up to the Latest Practicable Date.

Completion

Completion of the Disposal will take place on 30 June 2008, or such other date as the parties may agree in writing.

Completion of the transfer of the shares upon the exercise of the Call Option will take place on 30 September 2009, or such other date as the parties may agree in writing.

Shareholders' Agreement

SOD, WCL and FPL entered into the Shareholders' Agreement in relation to the regulation of their respective shareholdings in, and the management of, FPL. The Shareholders' Agreement provides, among other things, details of the funding in relation to Shanghai RHXC Project:

- (i) the Development Costs (excluding any Relocation and Land Costs) will be financed by borrowings from the banking sources of the FPL Group and other third party financial institutions. The shareholders of FPL agree to provide a guarantee or other forms of recourse to secure such borrowings in proportion with their respective equity interest in FPL;
- (ii) to the extent that external providers of finance for all or some of the Development Costs (excluding any Relocation and Land Costs) are unavailable, the shareholders of FPL shall fund the shortfall amount in proportion with their respective equity interest in FPL by making available loans to FPL on terms to be mutually agreed between the parties; and
- (iii) the parties shall pay the Relocation and Land Costs associated with Shanghai RHXC Project in proportion with their respective equity interest in FPL at the time of payment by way of loans to FPL.

LETTER FROM THE BOARD

Financial information on FPL

Based on the unaudited consolidated financial statements of FPL for the year ended 31 December 2007, FPL had a consolidated net book asset value of approximately RMB829 million (approximately HK\$925.2 million). Based on the unaudited consolidated financial statements of FPL for the years ended 31 December 2006 and 31 December 2007, the consolidated net profits before taxation for the years were approximately RMB255 million (approximately HK\$284.6 million) and RMB195 million (approximately HK\$217.6 million) respectively, and the consolidated net profits of FPL after taxation for those years were approximately RMB156 million (approximately HK\$174.1 million) and RMB197 million (approximately HK\$219.9 million) respectively.

Subject to review by the auditors of the Company, the Company expects to record a gain of approximately RMB845 million (approximately HK\$943.1 million) as a result of the completion of the Disposal and a further gain of approximately of RMB865 million (approximately HK\$965.4 million) as a result of the exercise of the Call Option. These gains are derived by deducting an estimated amount of adjustment of RMB25 million (approximately HK\$27.9 million) as of 30 April 2008 and the pro rata consolidated asset value of FPL of approximately RMB230 million (approximately HK\$256.7 million) as of 31 March 2008 and transaction costs from the consideration receivable for the Transaction. The gain as a result of the exercise of the Call Option is subject to further adjustment on fair value and change in pro rata consolidated asset value of FPL for the period from 1 April 2008 to the exercise date of the Call Option.

Upon completion of the Disposal, FPL will remain as a subsidiary of the Group. Accordingly, there will be no impact on the turnover of the Group. However, the consolidated net profit attributable to the Shareholders may be decreased by an amount equal to approximately 49% (if the Call Option has been exercised) of the profit contributed by FPL as a result of the Transaction. The assets and liabilities of FPL will continue to be consolidated to the Group. The total assets of the Group will be increased by RMB2,259 million (approximately HK\$2,521.2 million) upon receiving the consideration in cash (assuming the Call Option has been exercised). It is not expected that the completion of the Transaction will have any significant impact on the total liabilities of the Group.

Reasons for the Transaction

As disclosed in the Company's prospectus dated 20 September 2006 in connection with the Company's initial public offering on the Stock Exchange, the Group intends to seek out opportunities to enter into strategic partnerships with investors to sell the Group's interests in selected land, and/or to co-develop some lots of the Group's projects with a view to potentially accelerating the development schedules and allowing the Group to undertake more new projects.

The Directors (including the independent non-executive Directors) consider that the terms of the Transaction are fair and reasonable, and that the Transaction is on normal commercial terms and in the best interests of the Company and the Shareholders as a whole.

The proceeds from the Transaction will be used for the Group's general working capital purposes.

LETTER FROM THE BOARD

PROVISION OF GUARANTEE FOR THE BENEFIT OF THE FPL GROUP

Guarantee

On 20 June 2006, the Company and SOD entered into a guarantee with SCB (as agent) pursuant to which the Company and SOD agreed to provide a joint and several guarantee to facilitate the making of loans of up to the equivalent of approximately RMB1,199 million (approximately HK\$1,338 million) by a consortium of banks to the FPL Group (the “Guarantee”). The Guarantee will continue following the completion of the Transaction.

In consideration of the Company and SOD agreeing to continue the Guarantee following the completion of the Transaction, WCL agreed to pay a guarantee fee to SOD with reference to the difference in interest rates of the loans provided to the FPL Group that would have been applicable if there were no Guarantee given by the Company and SOD. It is expected that the amount of such guarantee fee will not exceed RMB50 million (approximately HK\$55.8 million).

Reasons for the Guarantee

The Directors consider that the Guarantee has facilitated the obtaining of the bank loans for financing the development of Shanghai RHXC Project. The Directors (including the independent non-executive Directors) consider that the terms of the Guarantee are fair and reasonable, and that the Guarantee is not in the ordinary and usual course of business of the Company but is on normal commercial terms and in the best interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS FOR THE TRANSACTION AND THE GUARANTEE

As the relevant percentage ratios under the Listing Rules in respect of the Transaction are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company. WCL is a connected person of the Company by virtue of its 19.8% interest in Score High Limited, which is a subsidiary of the Company. The Transaction, therefore, constitutes a connected transaction of the Company. The Transaction is subject to the reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules.

If the Call Option is exercised and completed, FPL will become an associate of WCL and the members of the FPL Group will become connected persons of the Company. Accordingly, the provision of the Guarantee by the Company and SOD to the FPL Group may constitute a connected transaction of the Company. As the relevant percentage ratios under the Listing Rules are more than 2.5%, the Guarantee is subject to the reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders, and the Independent Financial Adviser has been retained to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Transaction and the Guarantee.

LETTER FROM THE BOARD

INFORMATION REGARDING THE GROUP AND WCL

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.

WCL engages principally in the provision of consultancy, financial, investment and project co-ordinating services.

INDEPENDENT SHAREHOLDERS' APPROVAL

According to Rule 14A.43 of the Listing Rules, where independent shareholders' approval of a connected transaction is required, under certain conditions the Stock Exchange may accept that approval of the independent shareholders be given by a resolution in writing, instead of one passed at a shareholders' meeting. Those conditions are that: (a) no shareholder of the listed issuer is required to abstain from voting if the Company were to convene a general meeting for the approval of the connected transaction; and (b) the written independent shareholders' approval has been obtained from a shareholder or closely allied group of shareholders who (together) hold more than 50% in nominal value of the securities giving the right to attend and vote at the general meeting to approve the connected transaction.

At the date of the Announcement, Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited, a closely allied group of Shareholders, each being a subsidiary of SOCL, held 940,000,000 Shares, 930,685,094 Shares and 396,071,631 Shares of the Company, respectively. Together, they held approximately 54.15% of the entire issued share capital of the Company at the date of Announcement. Since none of the Shareholders is required to abstain from voting on the Transaction or the Guarantee, written approvals of Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited have been obtained for the purpose of approving the Transaction and the Guarantee in lieu of an approval from the Independent Shareholders of the Company at a shareholders' meeting pursuant to Rule 14A.43 of the Listing Rules.

An application has been made by the Company to the Stock Exchange for, and the Stock Exchange has granted to the Company on 20 May 2008, a waiver of the requirement for the Company to hold a shareholders' meeting in accordance with Rule 14A.43 of the Listing Rules, on the basis that the Transaction and the Guarantee have been approved by a written approval of a closely allied group of Shareholders.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Transaction and the Guarantee are fair and reasonable, and that the Transaction and the Guarantee are on normal commercial terms and in the best interests of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) would recommend the Independent Shareholders to vote in favour of the Transaction and the Guarantee if a physical shareholders' meeting was to be held.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 13 and 14 of this circular, to the letter from BNP Paribas, the Independent Financial Adviser, to the Independent Board Committee and Independent Shareholders in respect of the terms of the Transaction and the Guarantee set out on pages 15 to 24 of this circular, and to the information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
Shui On Land Limited
Vincent H. S. LO
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

26 June 2008

To the Independent Shareholder(s)

Dear Sir or Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTION

**Disposal of 25% equity interest in Foresight Profits Limited and
an option for the disposal of additional 24% equity interest in
Foresight Profits Limited**

AND

(2) POSSIBLE CONNECTED TRANSACTION

**Provision of Guarantee for the benefit of Foresight Profits Limited
and its subsidiaries**

We refer to the circular (the “Circular”) dated 26 June 2008 issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter, unless the context otherwise requires.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in its opinion, the terms of the Transaction and the Guarantee are fair and reasonable and in the interests of the Company and the Shareholders as a whole. BNP Paribas has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Transaction and the Guarantee.

** for identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 12 of the Circular and the text of a letter of advice from BNP Paribas, as set out on pages 15 to 24 of the Circular, both of which provide details of the Transaction and the Guarantee.

Having considered the terms of the Transaction and the Guarantee, the advice of BNP Paribas and the relevant information contained in the letter from the Board, we are of the opinion that the terms of the Transaction and the Guarantee are fair and reasonable so far as the Independent Shareholders are concerned, and that the Transaction and the Guarantee are in the best interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the Transaction and the Guarantee if a physical shareholders' meeting was to be held.

Yours faithfully,
**Independent Board Committee of
Shui On Land Limited**

Dr. Edgar W. K. CHENG
*Independent Non-executive
Director*

Professor Gary C. BIDDLE
*Independent Non-executive
Director*

Dr. Roger L. McCARTHY
*Independent Non-executive
Director*

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER



BNP PARIBAS
CORPORATE & INVESTMENT BANKING

26 June 2008

The Independent Board Committee and
the Independent Shareholders of Shui On Land Limited
34/F, Shui On Centre,
6-8 Harbour Road,
Wan Chai,
Hong Kong

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

**Disposal of 25% equity interest in Foresight Profits Limited and
an option for the disposal of additional 24% equity interest in
Foresight Profits Limited**

AND

POSSIBLE CONNECTED TRANSACTION

**Provision of Guarantee for the benefit of Foresight Profits Limited
and its subsidiaries**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding the Transaction and the Guarantee. Terms defined in the circular (the “Circular”) shall have the same meanings when used in this letter unless the context requires otherwise.

The acquirer, WCL, is a connected person of the Company by virtue of its 19.8% interest in Score High Limited, which is a subsidiary of the Company. It is noted that the Transaction constitutes a connected and discloseable transaction of the Company under the Listing Rules and is subject to the reporting, announcement and independent shareholders’ approval requirements under the Listing Rules.

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

If the Call Option is exercised and completed, FPL will become an associate of WCL and the members of the FPL Group will become connected persons of the Company. Accordingly, the provision of the Guarantee by the Company and SOD to the FPL Group may constitute a connected transaction of the Company. As the relevant percentage ratios under the Listing Rules are more than 2.5%, the Guarantee is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The Independent Board Committee has been established to consider the terms of the Agreement, the Transaction and the Guarantee and to advise the Independent Shareholders as to the fairness and reasonableness. As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give them an opinion as to whether the terms of the Agreement, the Transaction and the Guarantee are on normal commercial terms, and in the ordinary and usual course of business, and as to the fairness and reasonableness of the Transaction and the Guarantee with respect to the interests of the Company and the Shareholders as a whole. It should be noted that we have been engaged to advise the Independent Board Committee and the Independent Shareholders regarding the Transaction and the Guarantee contemplated under the Agreement in the context of connected transactions under the Listing Rules only and have not been engaged to advise on the commercial or technical feasibility, profitability or any other matters in relation to the disposal of equity interest in FPL.

We are a licensed corporation holding a licence to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong). We shall receive a fee from the Company for the delivery of this letter. The Company has also agreed to indemnify BNP Paribas and certain related persons against certain liabilities and expenses in connection with this engagement.

Save as described in this letter and apart from normal professional fees for our services to the Company as described above, no other arrangement exists whereby we are entitled to receive any fees or benefits from the Company, its subsidiaries or associates. Accordingly, we consider ourselves suitable to give independent financial advice to the Independent Board Committee and the Independent Shareholders on the Transaction and the Guarantee. As at the Latest Practicable Date, BNP Paribas S.A., our parent company, beneficially owned certain Shares, representing less than 1.50% of the issued share capital of the Company. We do not consider that these shareholding interests would affect the objectivity of our advice, given the fact that the interests held in the Company are no different from those of the Independent Shareholders in relation to the Transaction and the Guarantee.

In arriving at our advice, we have relied on the statements, information and facts supplied, the opinions expressed and the representations made by the Directors, the Company's advisers and the management of the Company including those set out in the Circular and assumed that all statements, intentions, opinions and representations made, for which the Company and the Directors are solely and wholly responsible, were true, complete and accurate at the time they were made and continue to be so in all respects up to and including the date of the Circular and that they may be relied upon. We have also assumed that all statements of intention of the management or the Directors, as set forth in the Circular, will be implemented and that all of the expectations of the Directors can be met. We have also relied on the assumptions described in the Circular and certain information available to the public

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

and we have assumed such information to be accurate and reliable. We have not, however, carried out any independent verification of such information, nor have we conducted an independent investigation into the business and affairs of the Group nor have we conducted any valuation or appraisal of any assets or liabilities, nor have we conducted any form of investigation into the commercial viability of the future prospects of the Group or future prospects of any of the other parties to the aforementioned agreement. We have further assumed that all government, regulatory or other consents and approvals necessary for the effectiveness and implementation of the agreements have been or will be obtained without any adverse effect on the contemplated benefits to the Company. We have been advised by the Directors that no material facts have been omitted from the information and representations provided in and referred to in the Circular and we have no reasons to believe that any material information has been withheld, or doubt the truth or accuracy of the information provided.

Our opinion is necessarily based upon market, economic and other conditions as they existed and could be evaluated on, and on the information publicly available to us as of the date of the opinion. We have no obligation to update this opinion to take into account subsequent events occurring after this opinion is delivered to the Independent Board Committee and the Independent Shareholders. It should be understood that subsequent developments or changes could occur that, if known at the time we rendered our opinion, would have affected or altered our opinion. We assume no responsibility or liability under such circumstances.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our view on the Transaction and the Guarantee, we have taken into consideration the principal factors and reasons as set out below. In reaching our conclusion, we have considered the results of the analysis in light of each other and ultimately reached our opinion based on the results of all analyses taken as a whole.

Transaction

Background

The Group is one of the leading property developers in the PRC and 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. WCL engages principally in the provision of consultancy, financial, investment and project co-ordinating services.

FPL holds Shanghai RHXC Project which involves parcels of land comprising various portions of Phase I and Phase II of Shanghai RHXC Project and the parcels of land identified as Lots 1 to 4 and Lots 6 to 10 in the Hongkou District, Shanghai, PRC. Shanghai RHXC Project is an integrated development project which is being developed by the Group in various phases. All the residential units in Phases I and II of Shanghai RHXC Project have been completed and sold. Construction of the residential portions in Lot 8 of Shanghai RHXC Project and land clearance works in Lots 4 and 6 of Shanghai RHXC Project are currently in progress. Further information about Shanghai RHXC Project is available from the valuation report (the "Valuation Report") as set out in Appendix I to the Circular.

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the Letter from the Board in the Circular, FPL had a consolidated net book asset value of approximately RMB829 million as at 31 December 2007 and the consolidated net profit of FPL after taxation for the two years ended 31 December 2006 and 2007 were approximately RMB156 million and RMB197 million respectively.

Reasons for the Transaction

As stated in the Letter from the Board in the Circular, it has been the intention of the Group to seek out opportunities to enter into strategic partnerships with investors to sell the Group's interests in selected land, and/or to co-develop some lots of the Group's projects with a view to potentially accelerating the development schedules and allowing the Group to undertake more new projects. In this relation, we have no reason to doubt the Group's commercial rational for the Transaction.

Principal terms of the Agreement

Under the Agreement, WCL will acquire from SOD a 25% equity interest in FPL (a wholly owned subsidiary of SOD) for a total consideration of RMB1,125 million in cash. The first instalment of RMB990 million will become payable by WCL to SOD upon the completion of the Disposal. Subject to completion of the Disposal, the balance amount of RMB135 million, together with the interest for the period between the closing date of the Disposal and the actual payment date of such balance amount, will be paid by WCL to SOD on or before 31 March 2009. The payments by WCL to SOD shall be made in US\$ at the prevailing exchange rate to be determined by reference to the average exchange rate on each of the five Business Days immediately preceding the date of the relevant payment.

Pursuant to the Agreement, SOD has also granted the Call Option to WCL exercisable by WCL during the period commencing from 1 December 2008 and ending on 31 December 2008, for the acquisition from SOD of a further 24% equity interest in FPL at an exercise price of RMB1,134 million plus an amount (if any) representing the difference in any shareholder contribution made between the closing of the Disposal and the completion of the purchase of the additional equity interest in FPL under the Call Option that would have been applicable if WCL held 49% equity interest in FPL at the date of shareholder contribution. Such option price shall be paid by WCL to SOD in US\$ at the prevailing exchange rate to be determined by reference to the average exchange rate on each of the five Business Days immediately preceding the date of payment of such price.

As stated in the Letter from the Board in the Circular, SOD, WCL and FPL entered into the Shareholders' Agreement in relation to the regulation of their respective shareholdings in, and the management of, FPL. The funding in relation to the Shanghai RHXC Project under the Shareholders' Agreement is summarised below:

1. The Development Costs (excluding any Relocation and Land Costs) will be financed by borrowings from the banking sources of the FPL Group and other third party financial institutions. The shareholders of FPL agree to provide a guarantee or other forms of recourse to secure such borrowings in proportion with their respective equity interest in FPL.

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2. To the extent that external providers of finance for all or some of the Development Costs (excluding any Relocation and Land Costs) are unavailable, the shareholders of FPL shall fund the shortfall amount in proportion with their equity interest in FPL by making available loans to FPL on terms to be mutually agreed between the parties.
3. The parties shall pay the Relocation and Land Costs associated with the Shanghai RHXC Project in proportion with their respective equity interest in FPL at the time of payment by way of loans to FPL.

In addition, we note from the Shareholders' Agreement that SOD shall be entitled to appoint at least five directors, while the board of FPL shall comprise up to eight directors which shall be responsible for the overall direction, control and supervision of FPL and the formulation of policies to be applied in the conduct of the business. Accordingly, upon completion of the Transaction, the Company, through SOD, shall continue to maintain its control over FPL and FPL will continue to be a subsidiary of the Company.

Pursuant to the Shareholders' Agreement, the Company (or such other member nominated by the board of FPL) shall appoint each of SOD and WCL (or such other companies as SOD or WCL may nominate from time to time) as joint project managers to perform project management functions (including marketing, agency and corporate services) for the Shanghai RHXC Project during the course of its development upon terms to be determined by the board of FPL.

The balance of the existing shareholders' loans by SOD to FPL Group was approximately RMB715 million as at the Latest Practicable Date, which will not be assigned to WCL upon completion of the transactions contemplated under the Agreement. Such loans are currently bearing interests with reference to market rates.

Total consideration for the Disposal and the exercise price of the Call Option

As stated in the Letter from the Board in the Circular, the Disposal and the Call Option were negotiated and entered into on an arm's length basis and on normal commercial terms. The total consideration for the Disposal of RMB1,125 million was determined with reference to a premium of approximately 4.4 times over 25% of the unaudited consolidated net book asset value of FPL in the amount of approximately RMB829 million as at 31 December 2007. The exercise price of the Call Option of RMB1,134 million was determined with reference to a premium of approximately 4.7 times over 24% of the unaudited consolidated net book asset value of FPL in the amount of approximately RMB829 million as at 31 December 2007.

It is also stated in the Letter from the Board in the Circular that the Directors consider that the terms of the Transaction are fair and reasonable, and that the Transaction is on normal commercial terms and in the best interests of the Company and the Shareholders as a whole.

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

In formulating our opinion, we have conducted a comparison with the fair value of net assets of FPL and did not adopt the price-to-earning approach and the price-to-book approach on the following grounds:

i. Price-to-earning

As advised by the Company, the major asset of FPL is the indirectly held parcels of land comprising the Shanghai RHXC Project, which is either undeveloped land or under the early stages of development. The net profits of FPL for the two years ended 31 December 2006 and 2007 were mainly generated from sales of car parks and residential properties not in connection with the parcels of land. Accordingly, we do not consider it suitable to use the price-to-earning approach as an appropriate measure of valuation for the purpose of our advice to the Independent Board Committee and Independent Shareholders.

ii. Price-to-book

FPL is a private company and its major asset is either undeveloped land or under the early stages of development. Price-to-book multiple is based on book values which may or may not fully reflect the fair market value of property interests, depending on whether the property interests are held under development or for investment. Accordingly, we do not consider it suitable to use the price-to-book approach as an appropriate measure of valuation for the purpose of our advice to the Independent Board Committee and Independent Shareholders.

We, therefore, consider assessment of the total consideration for the Disposal and the exercise price of the Call Option by way of a comparison with the fair value of net assets of FPL to be a more appropriate approach.

The Shanghai RHXC Project in its existing state attributable to FPL was valued at an aggregate of RMB9,794,150,000 as at 30 April 2008 by Knight Frank Petty Limited (“Knight Frank”), an independent professional property valuer. Such valuation assumes that all land premium, costs of public utilities services and relocation costs of property had been fully settled. As stated in the Letter from the Board in the Circular, taking into account the historical relocation costs for Shanghai RHXC Project, the Company estimates that the total outstanding relocation costs could amount to approximately RMB8.0 billion. Such costs are subject to changes depending on the actual amount of relocation costs at the time. On the basis of the aforesaid valuation and estimation, the property referred to above, net of such costs, can be valued at approximately RMB1.8 billion.

We have discussed with Knight Frank the valuation methodology adopted for the preparation of the valuation report and noted that it has complied with the requirements set out in Chapter 5 and Practice Note 12 of the Listing Rules and the HKIS valuation standards on properties (First Edition 2005).

The valuation methodology adopted by Knight Frank is its opinion of the market value of the property which it would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and

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without compulsion". This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

As advised by the Company, the unaudited consolidated net assets of FPL as at 31 March 2008 and revaluation surplus (net of tax) as at 30 April 2008, were approximately RMB925 million and RMB100 million, respectively. We have been advised that the latest management accounts of the FPL Group were made up to 31 March 2008 and there was no material change in the net asset value of the FPL between 31 March 2008 and 30 April 2008. As a result, the adjusted net asset value of FPL was RMB1,025 million.

Accordingly, the adjusted net asset value of the 25% equity interest in FPL under the Disposal and the 24% equity interest in FPL under the Call Option can be calculated as follows:

	<i>RMB million</i>
25% equity interest of the adjusted net asset value of FPL	256
Add: Estimated transaction costs ⁽¹⁾	<u>24</u>
	280
Total consideration for the Disposal	<u>1,125</u>
Premium	845
Equivalent to	302%
	<i>RMB million</i>
24% equity interest of the adjusted net asset value of FPL	246
Add: Estimated additional costs ⁽¹⁾	<u>23</u>
	269
Exercise price of the Call Option	<u>1,134</u>
Premium	865
Equivalent to	322%

Note 1: The estimated transaction and additional costs represent an estimate of the relevant service fees incurred and to be incurred for the Disposal and the exercise of the Call Option.

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As advised by the management of the Company, the exercise price of the Call Option for every single shareholding, which is negotiated on an arm's length basis and on normal commercial terms, represents 5% premium to the consideration for every single shareholding of the Disposal. We are advised that the 5% premium was determined after taking into account the market outlook and the timing difference between the grant of the Call Option and the exercise period of the Call Option.

We note the significant premiums shown above. We also note that as referred to in the Letter from the Board in the Circular, premiums were determined with reference to the future development potential of Shanghai RHXC Project, and taking into account the Company's expertise and experience in master planning and design of large-scale integrated project development in the PRC.

In this regard, it is noted from the Valuation Report that the proposed development of the properties of the Shanghai RHXC Project (excluding Phase I and Phase II) assuming they were completed as at 30 April 2008 was estimated to value at RMB24,280,000,000. Again, such valuation assumes that all land premium, costs of public utilities services and relocation costs of property, had been fully settled. Based on the management's estimate with reference to the past project experience, a substantial part of the said costs has not been incurred or paid as at the Latest Practicable Date. All the said costs are subject to change, depending on the results of actual negotiations, project progress, inflation, financing costs, foreign exchange rates and other relevant factors.

We have been advised by the Directors that as the underlying Shanghai RHXC Project will be developed over a period of several years, it will be subject to risks of uncertainty on fluctuation of market value and future development costs. The Directors consider that the Transaction represents a good opportunity for the Group to dispose part of the Shanghai RHXC Project and the Group could benefit from the reduction in uncertainty and the cash inflow generated as a result of the Transaction. The proceeds from the Transaction will be used for the Group's general working capital purposes.

In light of the above factors, we believe that the total consideration for the Disposal and the exercise price of the Call Option are justifiable.

Financial effects of the Transaction

As stated in the Letter from the Board in the Circular, subject to review by the auditors of the Company, the Company expects to record a gain of approximately RMB845 million as a result of the completion of the Disposal and a further gain of approximately of RMB865 million if the Call Option is to be exercised by WCL. These gains are derived by deducting the fair value adjustment of RMB25 million as of 30 April 2008 and the pro rata consolidated asset value of FPL of approximately RMB230 million as of 31 March 2008 and transaction costs from the consideration receivable for the transaction. The gain as a result of the exercise of the call option is subject to further adjustment on fair value and change in pro rata consolidated asset value of FPL for the period from 1 April 2008 to the exercise date of the Call Option.

Upon the completion of the Disposal, FPL will remain as a subsidiary of the Group. Accordingly, there will be no impact on the turnover of the Group. However, the consolidated net profit attributable to the Shareholders may be decreased by an amount equal to approximately 49% (if the Call Option has been exercised) of the profit contributed by FPL as a result of the Transaction. The assets and

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

liabilities of FPL will continue to be consolidated to the Group. The total assets of the Group will be increased by RMB2,259 million upon receiving the consideration in cash (assuming the Call Option had been exercised) while the minority interests of the Group will be increased. It is not expected that the completion of the Transaction will have any significant impact on the total liabilities of the Group.

It should however be noted that since the carrying amounts of the assets and liabilities of FPL may be substantially different from the amounts reviewed by the auditors of the Company when the audited financial statements for the year ending 31 December 2008 are issued, the actual premiums on the Disposal and the Call Option may be different from the estimated premiums on disposal shown above.

Guarantee

Background and reasons

Pursuant to the Guarantee, which was entered into by the Company and SOD with SCB (as agent), the Company and SOD agreed to provide a joint and several guarantee to facilitate the making of loans of up to the equivalent of approximately RMB1,199 million (approximately HK\$1,338 million) by a consortium of banks to the FPL Group for financing the development of Shanghai RHXC Project in 2006. The Guarantee will continue following completion of the Agreement. We are advised by the management of the Company that the risk of default is remote as FPL Group, which continue to be a subsidiary of the Company and whose board continues to be controlled by the Company after the Disposal and / or exercise of the Call Option, would have sufficient financial resources to honour the obligations of the loans under the Guarantee.

As advised by the management of the Company, by keeping the existing guarantee arrangement, the Group can save the transaction costs which would be incurred in the event that the terms of the Guarantee are revised to reflect the guarantee arrangement being in proportion with the respective equity interests to be held by the shareholders of FPL after completion of the Disposal and / or exercise of the Call Option.

Guarantee fee

As stated in the Letter from the Board, in consideration of the Company and SOD agreeing to continue the Guarantee following completion of the Transaction, WCL agreed to pay a guarantee fee to SOD with reference to the difference in interest rates of the loans provided to the FPL Group that would have been applicable if there were no Guarantee given by the Company and SOD. On the basis of Shanghai RHXC Project development progress, the loans will be repaid or discharged by end of 2010; and based on the current market situation, the applicable current difference in interest rates of the loans to the Group with and without guarantee provided and the terms of the Guarantee, the management of the Company estimated that the guarantee fee will not exceed RMB50 million (approximately HK\$55.8 million).

As stated in the letter from the Board, the Directors consider that the terms of the Guarantee are fair and reasonable, and that the Guarantee is not in the ordinary and usual course of business but is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

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It is noted that the provision of guarantee for a guarantee fee is not in ordinary course of business of the Company. In this respect, attention should be drawn to the background of and reasons for the Guarantee, and the basis of calculating the guarantee fee referred to above.

Financial capability in granting the Guarantee

We note from the 2007 annual report of the Company that the Group had total cash and cash equivalent (including cash and bank balance of approximately RMB2,843 million and pledged deposit of approximately RMB854 million) of approximately RMB3,697 million as at 31 December 2007. Total notes and borrowings of the Group amounted to RMB7,072 million, including the loans under the Guarantee of approximately RMB1,199 million, and the unutilised banking facilities were approximately up to RMB1,718 million as at the same date. We also note that, after taking into account the available financial resources and the capital commitment of the Company, the Group has sufficient financial resources and/or banking facilities to settle the liability (if any) arisen from the Guarantee.

It is also noted that the Company and SOD currently provide a joint and several guarantee to facilitate the loans to the FPL Group and provision of the Guarantee will not have any direct impact on the profitability, liabilities or gearing of the Group unless and until such time that the Guarantee happens to be called upon.

CONCLUSION

Having considered the above principal reasons and factors set out in this letter, we are of the view that the Transaction is in ordinary and usual course of business, and that the Transaction and Guarantee are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole notwithstanding the Guarantee is not in ordinary and usual course of business of the Company.

Accordingly, we would advise the Independent Board Committee to recommend, and we ourselves would recommend, the Independent Shareholders to vote in favour of the entering into of the Agreement, and the Transaction and the Guarantee if a physical shareholders' meeting was to be held.

Yours faithfully,
For and on behalf of
BNP Paribas Capital (Asia Pacific) Limited
Cecil Ng
Executive Director

Set out below is the text of a letter with summary of values and valuation report received from Knight Frank Petty Limited, an independent property valuer, prepared for the purpose for incorporation in this circular in connection with their valuation of the property interests of the Group in the PRC as at 30 April 2008.



4/F Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

Tel 2840 1177
Fax 2840 0600

26 June 2008

The Directors
Shui On Land Limited
26/F Shui On Plaza
333 Huai Hai Zhong Road
Shanghai
The PRC

Dear Sirs,

**VARIOUS PORTIONS OF SHANGHAI RUI HONG XIN CHENG,
HONG KOU DISTRICT, SHANGHAI, THE PEOPLE'S REPUBLIC OF CHINA**

In accordance with your instructions for us to value the captioned property interests held by Shui On Land Limited (hereinafter referred to as the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 30 April 2008.

BASIS OF VALUATION

Our valuation is our opinion of the market value of the property interests which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

VALUATION METHODOLOGY

We have valued the leased portion of property nos. 1 and 2 which are held by the Group for investment purpose in the PRC on the basis of capitalisation of the rental incomes as shown on the documents handed to us by the Group. We have allowed for outgoings, and where appropriate, made provisions for reversionary income potential. For the remaining vacant portion of the properties, we have implemented the valuation by capitalisation of market rental and where appropriate, by reference to sales evidence as available on the market.

We have valued property nos. 3 and 4 which are held by the Group for future development in the PRC on the basis that the properties will be developed and completed in accordance with the development proposals provided to us. We have assumed that the approvals for the proposals have been obtained. In arriving at our opinion of market values, we have valued the properties by making reference to comparable transactions in the locality and have also taken into account the construction costs that will be expended to complete the developments to reflect the quality of the completed developments.

VALUATION ASSUMPTION

We have valued the market values of the property interests based on the assumption that proper titles to the properties have been obtained and all outstanding premium, compensation/resettlement costs and any associated payments have been fully settled.

TITLE DOCUMENTS AND ENCUMBRANCES

We have been provided with copies of extracts of title documents relating to the properties. However, we have not inspected the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us. We have relied on the information given by the Group and its PRC legal adviser, Jin Mao PRC Lawyers, regarding the title and other legal matters relating to the properties.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restriction and outgoings of an onerous nature which could affect their values.

SOURCE OF INFORMATION

We have relied to a considerable extent on the information given by the Group and the legal opinion of the Group's legal adviser. We have no reason to doubt the truth and accuracy of the information provided to us by the Group and/or its legal adviser which is material to the valuation. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, ownership, completion dates of buildings, particulars of occupancy, tenancy details, floor and site areas, development proposals, construction costs and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to us and are therefore only approximations. We have not been able to carry out on-site measurements to verify the correctness of the site and floor areas of the properties and we have assumed that the site and the floor areas shown on the documents handed to us are correct. We were also advised by the Group that no material facts have been omitted from the information provided.

INSPECTION AND STRUCTURAL CONDITION

We have inspected the properties. However, we have not carried out site investigations to determine the suitability of ground conditions and services, etc. for any future developments. Our valuations are prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

REMARKS

In preparing our valuation report, we have complied with "The HKIS Valuation Standards on Properties (First Edition 2005)" published by the Hong Kong Institute of Surveyors and all the requirements contained in the provision of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

CURRENCY

All money amounts stated are in Renminbi.

Our summary of values and valuation report are attached.

Yours faithfully,
For and on behalf of
Knight Frank Petty Limited
Alex S L Ng
MRICS MHKIS RPS (GP)
Executive Director

Yours faithfully,
For and on behalf of
Knight Frank Petty Limited
Clement W M Leung
MRICS MHKIS RPS (GP)
Executive Director

Notes: Alex S L Ng, MRICS, MHKIS, RPS(GP), has been a qualified valuer with Knight Frank Petty Limited since November 1995 and has 22 years' experience in the valuation of properties in Hong Kong and has been involved in the valuation of properties in the People's Republic of China and Asia Pacific regions since 1988.

Clement W M Leung, MRICS, MHKIS, RPS(GP), has been a qualified valuer with Knight Frank Petty Limited since August 1999 and has 14 years' experience in the valuation of properties in Hong Kong and has extensive experience in the valuation of properties in the People's Republic of China and Asia Pacific regions.

SUMMARY OF VALUES

Property	Market value in existing state as at 30 April 2008 <i>RMB</i>	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 April 2008 <i>RMB</i>
Group I — Property interests held by the Group for investment purpose in the PRC			
1. Various portions of Shanghai Rui Hong Xin Cheng Phase I, 333 Linping Road Hong Kou District Shanghai the PRC	107,000,000	100%	107,000,000
2. Various portions of Shanghai Rui Hong Xin Cheng Phase II (Lot 149) Hong Kou District Shanghai the PRC	626,000,000	99%	619,740,000
Group II — Property interests held by the Group for future development in the PRC			
3. Shanghai Rui Hong Xin Cheng (Lot 4, 6 and 8) Hong Kou District Shanghai the PRC	2,306,000,000	99%	2,282,940,000
4. Shanghai Rui Hong Xin Cheng (Lot 1, 2, 3, 7, 9 and 10) Hong Kou District Shanghai the PRC	6,853,000,000	99%	6,784,470,000
Grand Total:	<u>9,892,000,000</u>		<u>9,794,150,000</u>

VALUATION REPORT

Group I — Property interests held by the Group for investment purpose in the PRC

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 30 April 2008																														
1. Various portions of Shanghai Rui Hong Xin Cheng Phase I 333 Linping Road Hong Kou District Shanghai the PRC	<p>Shanghai Rui Hong Xin Cheng (“RHXC”) is situated on Linping Road in Hong Kou District, Shanghai, with a total site area of approximately 350,000 sq m (3,767,400 sq ft). The whole development will be constructed in phases and comprise various high-rise residential blocks with a total gross floor area of approximately 1,100,000 sq m (11,840,400 sq ft). RHXC will also be supplemented by public amenities and other facilities including underground car park, garden, clubhouse and ground level pedestrian plaza.</p> <p>RHXC Phase I situates on Lot 5, comprising 10 high-rise residential blocks and commercial podium. It covers a total site area of approximately 42,000 sq m. According to the information provided, the gross floor areas of residential and commercial portion of Phase I are approximately 170,200 sq m and 7,000 sq m respectively. The development was completed in about 1999.</p> <p>The property comprises various portions of RHXC Phase I including commercial portion, kindergarten, clubhouse, office, store room and reserved area. Details of the gross floor areas are listed as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th colspan="2">Gross Floor Area</th> </tr> <tr> <td></td> <th>sq m</th> <th>sq ft</th> </tr> </thead> <tbody> <tr> <td>Commercial (Levels 1 to 2)</td> <td>3,070.70</td> <td>33,053</td> </tr> <tr> <td>Commercial (Basement)</td> <td>1,647.59</td> <td>17,735</td> </tr> <tr> <td>Kindergarten</td> <td>3,043.76</td> <td>32,763</td> </tr> <tr> <td>Clubhouse</td> <td>3,106.00</td> <td>33,433</td> </tr> <tr> <td>Office</td> <td>492.61</td> <td>5,302</td> </tr> <tr> <td>Store room</td> <td>136.99</td> <td>1,474</td> </tr> <tr> <td>Reserved area</td> <td>192.27</td> <td>2,070</td> </tr> <tr> <td>Total</td> <td>11,689.92</td> <td>125,830</td> </tr> </tbody> </table>	Use	Gross Floor Area			sq m	sq ft	Commercial (Levels 1 to 2)	3,070.70	33,053	Commercial (Basement)	1,647.59	17,735	Kindergarten	3,043.76	32,763	Clubhouse	3,106.00	33,433	Office	492.61	5,302	Store room	136.99	1,474	Reserved area	192.27	2,070	Total	11,689.92	125,830	<p>The commercial portion of the property with total lettable area of approximately 1,457 sq m is currently subject to various tenancies yielding a total monthly rental of approximately RMB139,100 exclusive of management fee with the latest expiry date on 31 January 2015 and the kindergarten of the property is subject to a 2-year tenancy expiring on 31 December 2008 with a monthly rental of RMB100,000.</p> <p>The remaining portion of the property is either vacant or owner-occupied.</p>	<p>RMB107,000,000</p> <p>(100% interest attributable to the Group: RMB107,000,000)</p>
Use	Gross Floor Area																																
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Total	11,689.92	125,830																															
	<p>The land use right term of the property is held for a term commencing from 14 August 1996 and expiring on 13 August 2066 for residential use.</p>																																

Notes:

1. Pursuant to the Business Licence No. 022377, Shanghai Ruichen Properties Company Limited (上海瑞城房地產有限公司), a wholly-owned subsidiary of the Company, has been incorporated with a registered capital of RMB189,000,000 and an operation period from 6 May 1996 to 5 May 2066.
2. Pursuant to the Real Estate Title Certificate No. (2000) 006931 issued by the Shanghai Housing and Land Resources administration Bureau on 27 October 2000, the title to the shopping arcade, basement (together to form the commercial podium of the property), clubhouse and car park of RHXC Phase I, comprising gross floor areas of 3,070.70 sq m, 1,647.59 sq m, 2,444.44 sq m and 7,221.47 sq m respectively, is held by Shanghai Ruichen Properties Company Limited.
3. Pursuant to the Real Estate Title Certificate No. (2003) 028545 issued by the Shanghai Housing and Land Resources administration Bureau on 12 November 2003, the title to the clubhouse, store room, office and reserved area of RHXC Phase I, comprising gross floor areas of 661.56 sq m, 136.99 sq m, 492.61 sq m and 192.27 sq m respectively, is held by Shanghai Ruichen Properties Company Limited.
4. Pursuant to the Real Estate Title Certificate No. (2004) 007877 issued by the Shanghai Housing and Land Resources administration Bureau on 22 March 2004, the title to the kindergarten of RHXC Phase I, comprising a total gross floor area of 3,043.76 sq m, is held by Shanghai Ruichen Properties Company Limited.
5. The market value of the commercial portion of the property as at the valuation date is approximately RMB47,900,000.
6. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:
 - (i) Shanghai Ruichen Properties Company Limited has legally obtained the ownership of the buildings of RHXC Phase I and their land use right; and
 - (ii) According to the land use right grant contract and relevant laws, Shanghai Ruichen Properties Company Limited can legally transfer, let, mortgage and handle in other ways the ownership of the buildings of RHXC Phase I and their land use right.

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 30 April 2008																											
2. Various portions of Shanghai Rui Hong Xin Cheng Phase II (Lot 149) Hong Kou District Shanghai the PRC	<p>Shanghai Rui Hong Xin Cheng (“RHXC”) is situated on Linping Road in Hong Kou District, Shanghai, with a total site area of approximately 350,000 sq m (3,767,400 sq ft). The whole development will be constructed in phases and comprise various high-rise residential blocks with a total gross floor area of approximately 1,100,000 sq m (11,840,400 sq ft). RHXC will also be supplemented by public amenities and other facilities including underground car park, garden, clubhouse and ground level pedestrian plaza.</p> <p>RHXC Phase II (Lot 149) was formed by amalgamating Lot 11 and Lot 174 of RHXC with a total site area of approximately 45,131 sq m (485,790 sq ft). RHXC Phase II has been developed into a composite development comprising 13 high-rise residential blocks and commercial portion (north portion and south portion) which is a 4-level commercial complex (including 2 levels of basement) and a 2-level commercial podium situated beneath residential blocks respectively completed in between 2004 and 2006.</p> <p>The property comprises commercial portion (north portion and south portion) with various advertising boards, clubhouse and car parking spaces of RHXC Phase II located at Block Nos. 13 to 16. Details of the gross floor areas are listed as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th colspan="2">Gross Floor Area</th> </tr> <tr> <td></td> <th><i>sq m</i></th> <th><i>sq ft</i></th> </tr> </thead> <tbody> <tr> <td>Commercial</td> <td>12,496.17</td> <td>134,509</td> </tr> <tr> <td>Clubhouse</td> <td><u>5,212.64</u></td> <td><u>56,109</u></td> </tr> <tr> <td>Sub-total</td> <td>17,708.81</td> <td>190,618</td> </tr> <tr> <td>Commercial (Basement)</td> <td>15,074.82</td> <td>162,265</td> </tr> <tr> <td>Carpark (Basement)</td> <td>12,890.58</td> <td>138,754</td> </tr> <tr> <td>Other</td> <td><u>1,314.62</u></td> <td><u>14,151</u></td> </tr> <tr> <td>Total</td> <td><u>46,988.83</u></td> <td><u>505,788</u></td> </tr> </tbody> </table>	Use	Gross Floor Area			<i>sq m</i>	<i>sq ft</i>	Commercial	12,496.17	134,509	Clubhouse	<u>5,212.64</u>	<u>56,109</u>	Sub-total	17,708.81	190,618	Commercial (Basement)	15,074.82	162,265	Carpark (Basement)	12,890.58	138,754	Other	<u>1,314.62</u>	<u>14,151</u>	Total	<u>46,988.83</u>	<u>505,788</u>	<p>Commercial portion of the property has been fully leased under various tenancies with the latest term expiring in 12 April 2019 yielding a total monthly base rental of approximately RMB2,587,000 exclusive of management fee.</p> <p>Nine advertising boards of the property has been leased under various licences with the latest term expiring in 27 March 2015 yielding a total monthly rental of approximately RMB10,400 whereas the remaining portion of the property is either vacant or owner-occupied.</p>	<p>RMB626,000,000</p> <p>(99% interest attributable to the Group: RMB619,740,000)</p>
Use	Gross Floor Area																													
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Total	<u>46,988.83</u>	<u>505,788</u>																												

The land use right term of the property is held for a term of 70 years commencing from 20 November 2001 and expiring on 19 November 2071 for residential use.

Notes:

1. Pursuant to the co-operative Joint Venture Contract entered into between Shanghai Zhong Hong (Group) Company Limited, an independent third party with the Company (“Party A”) and Hollyfield Holdings Limited, a wholly owned subsidiary of the Company (“Party B”) dated 27 April 2001 and the approval letter No. Hu Wai Zi Wei Xie (2006) 214 dated 20 January 2006, both parties agreed to establish a co-operative joint-venture company. The salient conditions as stipulated in the co-operative Joint Venture Contract and the approval letter are, inter alia, cited as follows:
 - (i) Name of joint-venture company: Shanghai Rui Hong Xin Cheng Co., Ltd. (the “Joint Venture”)
 - (ii) Period of operation: 70 years from the date of issuance of business licence
 - (iii) Total investment amount: RMB1,700,000,000
 - (iv) Registered capital: RMB567,000,000 (Party A:1%, Party B: 99%)
2. According to the information provided, the Joint Venture is a 99% indirectly owned subsidiary of the Company and the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.
3. Pursuant to the Business Licence No. 0386009 dated 24 December 2007, the Joint Venture was incorporated with a registered capital of RMB1,400,000,000 for a valid period from 2 July 2001 to 1 July 2071. The scope of business for the Joint Venture includes construction, development and operation of real estate within the old districts of Hong Zheng and Xin Gang; leasing and sales of real estate; provision of amenities, commercial and entertainment facilities in association with real estate development; and property management.
4. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2001) Di 036585 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 29 November 2001, the title to the land (Lot 149) with a site area of approximately 45,131 sq m is vested in the Joint Venture for a term commencing from 20 November 2001 and expiring in 19 November 2071.
5. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2004) Di 015979 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 8 July 2004, the title to the property (Block Nos 13 and 14) with a total gross floor area of 49,375.5 sq m is vested in the Joint Venture.
6. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2006) Di 016490 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 23 November 2006, the title to the property (Block Nos 15 and 16) with a total gross floor area of 34,336.54 sq m is vested in the Joint Venture.
7. Pursuant to the Supplementary Contract No. Hu Fang Di (2002) Chu Rang He Tong (Hong) Bu Zi Di 001, Lot 174 and Lot 11 were combined to form a site with an area of approximately 45,131 sq m. As advised by the Group, the combined site is named as Lot 149.
8. The market value of the commercial portion of the property as at the valuation date is approximately RMB518,000,000.

9. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:
- (i) The Joint Venture has legally obtained the ownership of the buildings of RHXC Phase II Block Nos. 13 and 14 and south commercial portion and their land use right; and
 - (ii) According to the land use right grant contract and relevant laws, the Joint Venture can legally transfer, let, mortgage and handle in other ways the ownership of the buildings of RHXC Phase II and their land use right.

Group II — Property interests held by the Group for future development in the PRC

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 30 April 2008
3. Shanghai Rui Hong Xin Cheng (Lot 4, 6 and 8) Hong Kou District Shanghai the PRC	Shanghai Rui Hong Xin Cheng (“RHXC”) is situated on Linping Road in Hong Kou District, Shanghai, with a total site area of approximately 350,000 sq m (3,767,400 sq ft). The whole development will be constructed in phases and will comprise various high-rise residential blocks with a total gross floor area of approximately 1,100,000 sq m (11,840,400 sq ft). RHXC will also be supplemented by public amenities and other facilities including underground car park, garden, clubhouse and ground level pedestrian plaza.	Site clearance works of the property have been commenced.	RMB2,306,000,000 (99% interest attributable to the Group: RMB2,282,940,000) <i>(please refer to note (13) below)</i>

The property comprises Lot 4, 6 and 8 of RHXC. The total site area of the property is approximately 67,075 sq m (721,995 sq ft).

According to the information provided, the property is planned to be developed into a massive composite development for residential and commercial uses and will provide the following approximate gross floor areas:

Lot 4

Use	Gross Floor Area	
	sq m	sq ft
Residential	62,343	671,060
Commercial	16,422	176,766
Commercial (basement)	3,355	36,113
Clubhouse	1,227	13,208
Total	<u>83,347</u>	<u>897,147</u>

It will also comprise 481 car parking spaces.

Lot 6

Use	Gross Floor Area	
	sq m	sq ft
Residential	125,643	1,352,421
Public facility	600	6,459
Total	<u>126,243</u>	<u>1,358,880</u>

It will also comprise 495 car parking spaces.

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 30 April 2008	
	Lot 8			
	Use		Gross Floor Area	
			<i>sq m</i>	<i>sq ft</i>
	Residential		32,363.3	348,359
	Commercial		2,127.7	22,903
	Clubhouse		627.5	6,754
	Total		35,118.5	378,016

It will also comprise 150 car parking spaces.

The land use right term for the property is held under a term of 70 years commencing from 13 June 2002 and expiring on 12 June 2072 for residential use.

Notes:

1. Pursuant to the co-operative Joint Venture Contract entered into between Shanghai Zhong Hong (Group) Company Limited, an independent third party with the Company ("Party A") and Hollyfield Holdings Limited, a wholly owned subsidiary of the Company ("Party B") dated 27 April 2001 and the approval letter No. Hu Wai Zi Wei Xie (2006) 214 dated 20 January 2006, both parties agreed to establish a co-operative joint venture company. The salient conditions as stipulated in the Joint Venture Contract and the approval letter are as follows:
 - (i) Name of joint venture company: Shanghai Rui Hong Xin Cheng Co., Ltd. (the "Joint Venture")
 - (ii) Period of operation: 70 years from the date of issuance of business licence
 - (iii) Total investment amount: RMB1,700,000,000
 - (iv) Registered capital: RMB567,000,000 (Party A: 1%, Party B: 99%)
2. According to the information provided, the Joint Venture is a 99% indirectly owned subsidiary of the Company and the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.
3. Pursuant to the Business Licence No. 0386009 dated 24 December 2007, the Joint Venture was incorporated with a registered capital of RMB1,400,000,000 for a valid period from 2 July 2001 to 1 July 2071. The scope of business for the Joint Venture includes construction, development and operation of real estate within the old districts of Hong Zheng and Xin Gang; leasing and sales of real estate; provision of amenities, commercial and entertainment facilities in association with real estate development; and property management.

4. Pursuant to the Contract for Grant of State-owned Land Use Right No. Hu Fang Di (1996) Chu Rang He Tong Wai Zi Di 7 entered into between the Shanghai Real Estate and Land Resources Administration Bureau and Selfers Limited and Shanghai Zhong Hong (Group) Company Limited (together referred to as "Party C") on 8 April 1996, Party C was granted with a land use right of a parcel of land with a site area of 340,418 sq m. The Contract for Grant of State-owned Land Use Right contains, inter alia, the following salient conditions:
- (i) Use : Residential
 - (ii) Land use term : 70 years
 - (iii) Permitted total gross floor area : 1,200,000 sq m
 - (iv) Green area : 30%
 - (v) Land grant fee : RMB21,236,662
5. Pursuant to the supplementary contract Hu Fang Di (1999) Chu Rang He Tong Bu Zi No. 15 entered into between the Shanghai Real Estate and Land Resources Administration Bureau and Shanghai Ruichen Properties Co., Limited (a joint venture formed between Selfers Limited and Shanghai Zhong Hong (Group) Company Limited) dated 12 March 1999, the land grant fee as stated in the Contract for Grant of State-owned Land Use Right No. Hu Fang Di (1999) Chu Rang He Tong Wai Zi Di 7 was changed from RMB21,236,662 to RMB1,998,254.
6. Pursuant to the supplementary contract Hu Fang Di (2002) Chu Rang He Tong (Hong) Bu Zi No. 7 entered into between the Shanghai Hong Kou District Real Estate and Land Resources Administration Bureau and the Joint Venture dated 13 June 2002, the purchaser in the contract stated in the Contract for Grant of State-owned Land Use Right No. Hu Fang Di (1996) Chu Rang He Tong Wai Zi Di 7 was changed to the Joint Venture, and the site area was changed from 340,418 sq m to 271,924 sq m.
7. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2002) Di 011964 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 28 June 2002, the title to the land (Lot 4) with a site area of approximately 18,617 sq m is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring on 12 June 2072 for residential use.
8. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2002) Di 011963 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 28 June 2002, the title to the land (Lot 6) with a site area of approximately 42,658 sq m is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring on 12 June 2072 for residential use.
9. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2003) Di 005998 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 2 April 2003, the title to the land (Lot 8) with a site area of approximately 5,800 sq m is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring on 12 June 2072 for residential use.
10. Pursuant to the Construction Land Use Planning Permit No. Hu Hong Di (2001) 026 issued by the Shanghai Hong Kou District Urban and Planning Administrative Bureau dated 27 July 2001, Lot 1, 2, 3, 4, 6, 7, 8, 9 and 10 of RHXC with a total site area of 294,450 sq m is permitted to be developed.
11. Pursuant to the agreement entered into between the Joint Venture and Shanghai Power Company Urban District Power Supply Company (上海市電力公司市區供電公司) on 17 November 2003, a substation will be constructed within Lot 6 of RHXC and the agreement contains, inter alia, the following salient conditions:
- (i) The site area of the substation is approximately 1,792 sq m;

- (ii) The Joint Venture is responsible for the relocation cost of the substation and the power company is responsible for the construction cost; and
 - (iii) Upon completion, the building ownership and the respective land use right of the substation will belong to the power company.
12. As advised by the Group, the total construction cost paid in relation to the property as at the valuation date was approximately RMB37,650,000. Accordingly, we have taken into account the said cost in our valuation. In our opinion, the market value of the proposed developments of the property assuming they were completed as at the valuation date was estimated approximately as RMB5,764,000,000.
13. In the course of our valuation, we have assumed that all land premium, costs of public utility services and relocation costs of the property have been fully settled.
14. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:
- (i) The Contract for Grant of State-owned Land Use Right of the property is legal, valid and executable. All land premium as stipulated in the land use right grant contract has been settled;
 - (ii) The Joint Venture legally obtained the Real Estate Ownership Certificates of the property and owned the land use right of the property. The Joint Venture is the legal and sole owner of the property;
 - (iii) The property is subject to mortgage and all relevant consents, approvals for the mortgage have been obtained. The mortgage is legal, valid and enforceable. The property can be transferred, let, occupied, managed and handled subject to approval from the mortgagor;
 - (iv) According to the agreement mentioned in note (11) above, after completion of the substation, the building ownership and the respective land use right of the substation will belong to the power company. As the substation is located within Lot 6 of the property, the site area of Lot 6 as stipulated in the Real Estate Ownership Certificate shall be reduced by the site area of the substation; and
 - (v) The relocation works of Lot 8 of the property have been completed whilst the relocation works of Lot 4 and 6 of the property are still in progress. The relocation works of Lot 4 and 6 of the property are legal.

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 30 April 2008
4. Shanghai Rui Hong Xin Cheng (Lot 1, 2, 3, 7, 9 and 10) Hong Kou District Shanghai the PRC	Shanghai Rui Hong Xin Cheng (“RHXC”) is situated on Linping Road in Hong Kou District, Shanghai, with a total site area of approximately 350,000 sq m (3,767,400 sq ft). The whole development will be constructed in phases and will comprise various high-rise residential blocks with a total gross floor area of approximately 1,100,000 sq m (11,840,400 sq ft). RHXC will also be supplemented by public amenities and other facilities including underground car park, garden, clubhouse and ground level pedestrian plaza.	The property is currently occupied by dilapidated or rundown buildings which are due to be demolished.	RMB6,853,000,000 (99% interest attributable to the Group: RMB6,784,470,000) <i>(please refer to note (17) below)</i>

The property comprises Lot 1, 2, 3, 7, 9 and 10 of RHXC. The total site area of the property is approximately 167,762 sq m (1,805,790 sq ft).

According to the information provided, the property be developed into a massive composite development for residential, office and commercial uses, and will provide the following approximate gross floor areas:

Lot 1

Use	Gross Floor Area	
	sq m	sq ft
Residential	65,657	706,732
Office	84,750	912,249
Public facility	<u>4,500</u>	<u>48,438</u>
Total	<u>154,907</u>	<u>1,667,419</u>

It will also comprise 498 car parking spaces.

Lot 2

Use	Gross Floor Area	
	sq m	sq ft
Residential	81,724	879,677
Commercial	<u>18,000</u>	<u>193,752</u>
Total	<u>99,724</u>	<u>1,073,429</u>

It will also comprise 292 car parking spaces.

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 30 April 2008
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Lot 3

Use	Gross Floor Area	
	<i>sq m</i>	<i>sq ft</i>
Residential	81,724	879,677
Commercial	21,400	230,350
Public facility	<u>800</u>	<u>8,611</u>
Total	<u>103,924</u>	<u>1,118,638</u>

It will also comprise 285 car parking spaces.

Lot 7

Use	Gross Floor Area	
	<i>sq m</i>	<i>sq ft</i>
Residential	171,736	1,848,566
Commercial	12,000	129,168
Public facility	<u>1,000</u>	<u>10,764</u>
Total	<u>184,736</u>	<u>1,988,498</u>

It will also comprise 588 car parking spaces.

Lot 9 & 10

Use	Gross Floor Area	
	<i>sq m</i>	<i>sq ft</i>
Residential	237,824	2,559,938
Commercial	31,500	339,066
Public facility	<u>6,500</u>	<u>69,966</u>
Total	<u>275,824</u>	<u>2,968,970</u>

It will also comprise 813 car parking spaces.

The land use right term for the property is held under a term of 70 years commencing from 13 June 2002 and expiring on 12 June 2072 for residential use.

Notes:

1. Pursuant to the co-operative Joint Venture Contract entered into between Shanghai Zhong Hong (Group) Company Limited, an independent third party with the Company (“Party A”) and Hollyfield Holdings Limited, a wholly owned subsidiary of the Company (“Party B”) dated 27 April 2001 and the approval letter No. Hu Wai Zi Wei Xie (2006) 214 dated 20 January 2006, both parties agreed to establish a co-operative joint venture company. The salient conditions as stipulated in the Joint Venture Contract and the approval letter are as follows:
 - (i) Name of joint venture company: Shanghai Rui Hong Xin Cheng Co., Ltd. (the “Joint Venture”)
 - (ii) Period of operation: 70 years from the date of issuance of business licence
 - (iii) Total investment amount: RMB1,700,000,000
 - (iv) Registered capital: RMB567,000,000 (Party A: 1%, Party B: 99%)
2. According to the information provided, the Joint Venture is a 99% indirectly owned subsidiary of the Company and the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.
3. Pursuant to the Business Licence No. 0386009 dated 24 December 2007, the Joint Venture was incorporated with a registered capital of RMB1,400,000,000 for a valid period from 2 July 2001 to 1 July 2071. The scope of business for the Joint Venture includes construction, development and operation of real estate within the old districts of Hong Zheng and Xin Gang; leasing and sales of real estate; provision of amenities, commercial and entertainment facilities in association with real estate development; and property management.
4. Pursuant to the Contract for Grant of State-owned Land Use Right No. Hu Fang Di (1996) Chu Rang He Tong Wai Zi Di 7 entered into between the Shanghai Real Estate and Land Resources Administration Bureau and Selfers Limited and Shanghai Zhong Hong (Group) Company Limited (together referred to as “Party C”) on 8 April 1996, Party C was granted with a land use right of a parcel of land with a site area of 340,418 sq m. The Contract for Grant of State-owned Land Use Right contains, inter alia, the following salient conditions:
 - (i) Use : Residential
 - (ii) Land use term : 70 years
 - (iii) Permitted total gross floor area : 1,200,000 sq m
 - (iv) Green area : 30%
 - (v) Land grant fee : RMB21,236,662
5. Pursuant to the supplementary contract Hu Fang Di (1999) Chu Rang He Tong Bu Zi No. 15 entered into between the Shanghai Real Estate and Land Resources Administration Bureau and Shanghai Ruichen Properties Co., Limited (a joint venture formed between Selfers Limited and Shanghai Zhong Hong (Group) Company Limited) dated 12 March 1999, the land grant fee as stated in the Contract for Grant of State-owned Land Use Right No. Hu Fang Di (1999) Chu Rang He Tong Wai Zi Di 7 was changed from RMB21,236,662 to RMB1,998,254.
6. Pursuant to the supplementary contract Hu Fang Di (2002) Chu Rang He Tong (Hong) Bu Zi No. 7 entered into between the Shanghai Hong Kou District Real Estate and Land Resources Administration Bureau and the Joint Venture dated 13 June 2002, the purchaser in the contract stated in the Contract for Grant of State-owned Land Use Right No. Hu Fang Di (1996) Chu Rang He Tong Wai Zi Di 7 was changed to the Joint Venture, and the site area was changed from 340,418 sq m to 271,924 sq m.

7. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2002) Di 011967 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 28 June 2002, the title to the land (north portion of Lot 1) with a site area of approximately 3,656 sq m is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring on 12 June 2072 for residential use.
8. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2002) Di 011968 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 28 June 2002, the title to the land (south portion of Lot 1) with a site area of approximately 11,549 sq m is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring on 12 June 2072 for residential use.
9. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2002) Di 011966 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 28 June 2002, the title to the land (Lot 2) with a site area of approximately 30,458 sq m is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring on 12 June 2072 for residential use.
10. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2002) Di 011965 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 28 June 2002, the title to the land (Lot 3) with a site area of approximately 26,144 sq m is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring on 12 June 2072 for residential use.
11. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2002) Di 011962 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 28 June 2002, the title to the land (Lot 7) with a site area of approximately 34,369 sq m is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring on 12 June 2072 for residential use.
12. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2002) Di 011960 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 28 June 2002, the title to the land (east portion of Lot 9) with a site area of approximately 13,442 sq m is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring on 12 June 2072 for residential use.
13. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2002) Di 011959 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 28 June 2002, the title to the land (west portion of Lot 9) with a site area of approximately 8,819 sq m is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring on 12 June 2072 for residential use.
14. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Hong Zi (2002) Di 011958 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 28 June 2002, the title to the land (Lot 10) with a site area of approximately 39,325 sq m is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring on 12 June 2072 for residential use.
15. Pursuant to the Construction Land Use Planning Permit No. Hu Hong Di (2001) 026 issued by the Shanghai Hong Kou District Urban and Planning Administrative Bureau dated 27 July 2001, Lot 1, 2, 3, 4, 6, 7, 8, 9 and 10 of RHXC with a total site area of 294,450 sq m is permitted to be developed.
16. In our opinion, the market value of the proposed developments of the property assuming they were completed as at the valuation date was estimated approximately as RMB18,516,000,000.
17. In the course of our valuation, we have assumed that all land premium, costs of public utility services and relocation costs of the property have been fully settled.

18. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:
- (i) The Contract for Grant of State-owned Land Use Right of the property is legal, valid and executable. All land premium as stipulated in the land use right grant contract has been settled;
 - (ii) The Joint Venture legally obtained the Real Estate Ownership Certificates of the property and owned the land use right of the property. The Joint Venture is the legal and sole owner of the property;
 - (iii) The land use right of the property can be transferred, let, mortgaged and handled in other ways; and
 - (iv) The Joint Venture has obtained the relocation permits of Lot 3, 9 and 10 of the property whilst the relocation permits of Lot 1, 2 and 7 of the property have not been obtained.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(A) Interests of Directors and chief executive of the Company

At the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange were as follows:

(a) The Company

(i) Long position in the Shares

Name of Director	Nature of interests	Total number of Shares	Approximate percentage of interests in the Company
Mr. Vincent H. S. LO (“Mr. Lo”)	Other	2,276,760,225 <i>(Note 1)</i>	54.39%
Mr. William T. ADDISON	Personal	200,000	0.004%
Dr. William K. L. FUNG	Personal	3,700,000	0.08%

Note:

- (1) The Shares are directly held by subsidiaries of SOCL, namely Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited. SOCL is owned by the Bosrich Unit Trust, the trustee of which is Bosrich Holdings Inc. The units of the Bosrich Unit Trust are the property of a discretionary trust, of which Mr. Lo is a discretionary beneficiary and HSBC International Trustee Limited is the trustee. Accordingly, Mr. Lo, Bosrich Holdings Inc. and HSBC International Trustee Limited are deemed to be interested in such Shares under the SFO.

(ii) Share options of the Company

At the Latest Practicable Date, the following Directors had interests in the share options granted by the Company under the share option scheme adopted by the Company on 8 June 2007:

Name of Director	Date of grant	Subscription price per Share HK\$	Exercise period	Number of Shares subject to the options
Mr. William T. ADDISON	20/06/2007	7.00	20/06/2009 to 19/06/2016	5,000,000
The Honourable LEUNG Chun Ying	20/06/2007	7.00	20/06/2007 to 19/06/2012	500,000
Sir John R. H. BOND	20/06/2007	7.00	20/06/2007 to 19/06/2012	500,000
Dr. Edgar W. K. CHENG	20/06/2007	7.00	20/06/2007 to 19/06/2012	500,000
Professor Gary C. BIDDLE	20/06/2007	7.00	20/06/2007 to 19/06/2012	500,000
Dr. Roger L. McCARTHY	20/06/2007	7.00	20/06/2007 to 19/06/2012	500,000
Mr. David J. SHAW	20/06/2007	7.00	20/06/2007 to 19/06/2012	500,000

At the Latest Practicable Date, no short position was recorded in the register required to be kept under Section 352 of the SFO.

(b) Associated Corporation — SOCAM*(i) Long position in the SOCAM shares*

Name of Director	Nature of interests	Total number of SOCAM shares	Approximate percentage of interests in SOCAM
Mr. Lo	Other	181,981,000 <i>(Note 1)</i>	56.56%
Dr. William K. L. FUNG	Personal	682,000	0.21%

Notes:

- (1) Among 181,981,000 SOCAM shares beneficially owned by SOCL, 166,148,000 SOCAM shares and 15,833,000 SOCAM shares held respectively by SOCL and Shui On Finance Company Limited, which is an indirect wholly-owned subsidiary of SOCL. SOCL is owned by the Bosrich Unit Trust, the trustee of which is Bosrich Holdings Inc. The units of the Bosrich Unit Trust are the property of a discretionary trust, of which Mr. Lo is a discretionary beneficiary. Accordingly, Mr. Lo is deemed to be interested in such shares under the SFO.

(ii) Short position in the SOCAM shares

Name of Director	Nature of interests	Total number of SOCAM shares	Approximate percentage of interests in SOCAM
Mr. Lo	Other	1,600,000 <i>(Note 1)</i>	0.49%

Note:

- (1) These shares represent the call option granted by SOCL on 27 August 2002 to Mr. Frankie Y. L. WONG as part of the incentive reward to his services to the Company. Mr. Lo is deemed to have short position in these shares under the SFO.

Save as disclosed herein, at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

Save as disclosed in the announcement of the Company dated 26 February 2008, at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have since 31 December 2007 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

At the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, which was subsisting and was significant in relation to the business of the Group.

(B) Interests of Substantial Shareholders

Save as disclosed below and under the section “Interests of Directors and chief executive of the Company” above, the Directors are not aware of any other person (other than a Director or chief executive of the Company or his/her respective associate(s)) who, at the Latest Practicable Date, had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Capacity	Total number of Shares	Approximate percentage of shareholding
HSBC International Trustee Limited	Trustee	2,276,760,225 <i>(Note 1)</i>	54.39%
Bosrich Holdings Inc.	Trustee	2,276,760,225 <i>(Note 1)</i>	54.39%
SOCL	Interest of Controlled Corporation	2,276,760,225 <i>(Note 1)</i>	54.39%
SOCAM	Interest of Controlled Corporation	396,071,631 <i>(Note 2)</i>	9.46%

Notes:

- (1) The 2,276,760,225 Shares are beneficially owned by SOCL through its subsidiaries comprising 940,000,000 Shares, 940,688,594 Shares and 396,071,631 Shares held respectively by Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited. SOCL is owned by the Bosrich Unit Trust, the trustee of which is Bosrich Holdings Inc. The units of the Bosrich Unit Trust are the property of a discretionary trust, of which Mr. Lo is a discretionary beneficiary and HSBC International Trustee Limited is the trustee. Accordingly, Mr. Lo, HSBC International Trustee Limited and Bosrich Holdings Inc. are deemed to be interested in such Shares under the SFO.
- (2) These Shares are beneficially owned by New Rainbow Investments Limited, a wholly-owned subsidiary of SOCAM. Accordingly, SOCAM is deemed to be interested in such Shares under the SFO.

(C) Interests in other members of the Group

Save as disclosed below, at the Latest Practicable Date and so far as the Directors and the chief executive of the Company were aware, there were no other persons other than the Directors or chief executive of the Company or his respective associate(s) who were, directly or indirectly, interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of owner of shares or equity interest	Name of non wholly-owned subsidiary of the Company	Approximate percentage of shareholding
Equity Millennium Limited	Bondwise Profits Limited	20%
	Cititop Pacific Limited	20%
	Globe State Properties Limited	20%
	Shanghai Lakeville Properties Co., Ltd.	19.8%
Shun Hing China Investment Limited	Bondwise Profits Limited	10%
	Cititop Pacific Limited	10%
	Globe State Properties Limited	10%
Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd.	Shanghai Yang Pu Centre Development Company Limited	30%
Trophy Property Development L.P.	Portspin Limited	49%
	Legend City Limited	49%
	Fieldcity Investments Limited	25%
	Super Field Limited	25%
	Wuhan Shui On Tian Di Property Development Co., Ltd.	25%
Main Zone Group Limited	Richcoast Group Limited	28.20%
	Teamachieve Holdings Limited	28.20%
	Asia Great Investment Limited	28.20%
	Tennick Holdings Limited	28.20%
	Charmful Investment Limited	28.20%
	Timeglobe Holdings Limited	28.20%
	Garco Investment Limited	28.20%
	Hopeful Zone Investments Limited	28.20%
Sinoco Investment Limited	28.20%	

Name of owner of shares or equity interest	Name of non wholly-owned subsidiary of the Company	Approximate percentage of shareholding
Many Gain International Limited	Richcoast Group Limited	10.26%
	Teamachieve Holdings Limited	10.26%
	Asia Great Investment Limited	10.26%
	Tennick Holdings Limited	10.26%
	Charmful Investment Limited	10.26%
	Timeglobe Holdings Limited	10.26%
	Garco Investment Limited	10.26%
	Hopeful Zone Investments Limited	10.26%
	Sinoco Investment Limited	10.26%
Winnington Capital Limited	Score High Limited	19.80%
	Grand Hope Limited	19.80%
	Chongqing Shui On Tian Di	19.80%
	Development Co., Ltd.	

3. SERVICE CONTRACTS

At the Latest Practicable Date, none of the Directors had entered into any service contract with the Company other than contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. LITIGATION

At the Latest Practicable Date, the Group was not engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Group.

5. COMPETING INTERESTS

Mr. Lo is the Chairman and Chief Executive Officer of the Company, and the ultimate controlling shareholder, chairman and chief executive officer of the Shui On Group. The core businesses of the Shui On Group including property development and investment projects in Hong Kong, New York and the PRC, as more fully described in the section headed "Relationship with the Shui On Group" of the Company's prospectus dated 20 September 2006. The Company has entered into a non-competition agreement with SOCL and Mr. Lo pursuant to which SOCL and Mr. Lo have severally undertaken not to compete with the business of the Company. For more details, see the section headed "Relationship with the Shui On Group" of the Company's prospectus dated 20 September 2006. In addition, Mr. Lo is also the chairman and controlling shareholder of SOCAM which is engaged in property development in the PRC.

Save as referred to herein, at the Latest Practicable Date, none of the Directors or their respective associates had any interest in a business which competes or may compete with the business of the Group.

6. EXPERT AND CONSENT

The qualifications of the experts who have given their respective opinion and advice, which are contained in this circular, are set out as follows:

Name	Qualification
BNP Paribas	A corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Knight Frank Petty Limited	Property Valuer

BNP Paribas and Knight Frank Petty Limited have given and have not withdrawn their written consents to the issue of this circular with the inclusion of their respective letter and references to their names in the form and context in which they appear.

7. EXPERT'S INTEREST IN ASSETS

At the Latest Practicable Date, BNP Paribas and Knight Frank Petty Limited:

- (a) did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (b) were not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2007, being the date to which the latest published audited financial statements of the Company were made up.

8. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2007, the date to which the latest published audited consolidated financial statements of the Company have been made up.

9. GENERAL

- (a) The company secretary of the Company is Mr. UY Kim Lun, a qualified lawyer in Hong Kong.

- (b) The qualified accountant of the Company is Mr. George W. K. CHAN, a member of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants.
- (c) The principal share registrars and transfer office of the Company is Butterfield Fund Services (Cayman) Limited, Butterfield House, 68 Fort Street, P.O. Box 705, Grand Cayman KY1-1107, Cayman Islands.
- (d) The Hong Kong branch share registrars and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (e) The registered office of the Company is Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9002, Cayman Islands.
- (f) The place of business of the Company in Hong Kong is 34th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong.
- (g) The English version of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the place of business of the Company in Hong Kong at 34th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong during normal business hours on any business day other than public holidays, from the date of this circular up to and including 11 July 2008:

- (a) the Agreement;
- (b) the Guarantee;
- (c) the Shareholders' Agreement;
- (d) the "Letter from the Independent Board Committee" as set out in this circular;
- (e) the "Letter of Advice from the Independent Financial Adviser" as set out in this circular;
- (f) the valuation report dated 26 June 2008 prepared by Knight Frank Petty Limited as set out in Appendix I; and
- (g) the letters of consent from each of BNP Paribas and Knight Frank Petty Limited referred to in paragraph 6 of this Appendix II.