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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)

CONTINUING CONNECTED TRANSACTIONS

**Supplemental Agreement in relation to
the Framework Construction Agreement for Dalian Tiandi • Software Hub**

AND

REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

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



A letter from the Independent Board Committee is set out on pages 10 to 11 of this circular.

A letter from Optima Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 12 to 22 of this circular.

A notice convening the extraordinary general meeting of Shui On Land Limited to be held at Room 103, 1st Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong on Wednesday, 26 August 2009 at 11:30 a.m. is set out on pages 31 to 33 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's place of business in Hong Kong at 34th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong as soon as possible and, in any event, not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting and any adjourned meeting (as the case may be) should you so wish.

* *for identification purposes only*

7 August 2009

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DEFINITIONS

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

“Annual Cap(s)”	the maximum annual amount payable by Richcoast Group to Yida Group for the Continuing Connected Transactions;
“associate(s)”, “connected person(s)”, “subsidiary(ies)”, “substantial shareholder(s)”	each has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange;
“Construction Services”	the services to be provided by Yida Group to Richcoast Group under the Framework Construction Agreement as supplemented by the Supplemental Agreement, including but not limited to the excavation and/or filing, clearance of the construction site, removal of the construction garbage, setting up drainage system and construction of the main structures of the Land;
“Continuing Connected Transactions”	continuing connected transactions entered into or to be entered into between Richcoast Group and Yida Group in relation to the Construction Services;
“Director(s)”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be held at Room 103, 1st Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong on Wednesday, 26 August 2009 at 11:30 a.m., the notice of which is set out on pages 31 to 33 of this circular;
“Existing Issue Mandate”	the general mandate granted to the Directors to allot, issue and deal with 837,119,434 Shares, being 20% of the issued share capital of the Company at 4 June 2009, by a resolution of the Shareholders passed at the annual general meeting of the Company held on 4 June 2009;
“First Announcement”	the announcement made by the Company on 7 August 2008 relating to the continuing connected transactions under the Framework Construction Agreement;

DEFINITIONS

“Framework Construction Agreement”	the framework construction agreement dated 7 August 2008 entered into between Yida and Richcoast relating to the provision of site formation and construction works on the Land;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“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, constituted to advise the Independent Shareholders on whether the terms of the Continuing Connected Transactions contemplated under the Supplemental Agreement (together with the Revision of Annual Caps) and the Refreshed Issue Mandate are fair and reasonable;
“Independent Shareholders”	in the case of the Supplemental Agreement and Continuing Connected Transactions, refers to Shareholders who have no material interest in the Framework Construction Agreement (as supplemented by the Supplemental Agreement) and the Continuing Connected Transactions; and in the case of the refreshment of Existing Issue Mandate, refers to Shareholders other than Mr. Lo and his associates;
“Land”	the 23 plots of land at Dalian Tiandi • Software Hub with a total area of approximately 6,790,500 square metres;
“Latest Practicable Date”	4 August 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Lo”	Mr. Vincent H. S. LO;
“Optima Capital” or “Independent Financial Adviser”	Optima Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreement, the Continuing Connected Transactions and the refreshment of the Existing Issue Mandate, and a licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO;

DEFINITIONS

“PRC”	People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan Area;
“Refreshed Issue Mandate”	the general mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at the date of the EGM;
“Revision of Annual Caps”	the revision and the setting of new Annual Caps for Continuing Connected Transactions for the three years ending 31 December 2009, 2010 and 2011;
“Richcoast”	Richcoast Group Limited, a company incorporated in the British Virgin Islands and held as to 61.54% by the Group, as to 10.26% by Yida Group and as to 28.2% by Main Zone Group Limited, a wholly-owned subsidiary of Shui On Construction and Materials Limited;
“Richcoast Group”	Richcoast and its subsidiaries;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	the holders of the Shares;
“Shares”	ordinary shares of nominal value of US\$0.0025 each in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Agreement”	the supplemental agreement dated 17 July 2009 in relation to the Framework Construction Agreement entered into between Yida and Richcoast;
“Yida”	Yida Group Company Limited, a limited liability company incorporated in the PRC;
“Yida Group”	Yida and its subsidiaries; and
“%”	per cent.

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*

(於開曼群島註冊成立的有限責任公司)

(Stock code: 272)

Executive Directors:

Mr. Vincent H. S. LO
(Chairman and Chief Executive Officer)
Mr. Louis H. W. WONG
Mr. Aloysius T. S. LEE

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

7 August 2009

To the Shareholders,

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

**Supplemental Agreement in relation to
the Framework Construction Agreement for Dalian Tiandi • Software Hub**

AND

REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the First Announcement relating to the continuing connected transactions under the Framework Construction Agreement whereby the Yida Group may enter into contracts with

* for identification purposes only

LETTER FROM THE BOARD

the Richcoast Group to perform site formation and construction works on the Land from time to time for a term expiring no later than 31 December 2010.

On 17 July 2009, the Board announced that Yida and Richcoast had entered into a Supplemental Agreement to extend the term of the Framework Construction Agreement which shall end on 31 December 2011 instead of 31 December 2010.

In relation to the total annual amount payable by Richcoast Group to Yida Group for the Construction Services provided or to be provided by Yida Group in accordance with the Framework Construction Agreement, the relevant Annual Caps for the two years ending 31 December 2010 as disclosed in the First Announcement are considered to be no longer sufficient. Accordingly, the Company seeks to revise such Annual Caps for the two years ending 31 December 2010 and to set the new Annual Cap for the year ending 31 December 2011.

The transactions contemplated under the Framework Construction Agreement (as supplemented by the Supplemental Agreement) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and is subject to the approval by the Independent Shareholders at the EGM.

At the EGM, an ordinary resolution will also be proposed to refresh the Existing Issue Mandate to issue new Shares.

The purpose of this circular is to provide you with further information regarding (i) the Continuing Connected Transactions contemplated under the Supplemental Agreement (together with the Revision of Annual Caps) and (ii) the refreshment of the Existing Issue Mandate to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the EGM.

THE SUPPLEMENTAL AGREEMENT

Date:	17 July 2009
Parties:	(1) Richcoast (2) Yida
Principal Term:	To extend the term of the Framework Construction Agreement so that it shall end on 31 December 2011 instead of 31 December 2010. The Framework Construction Agreement as supplemented by the Supplemental Agreement shall cover the three financial years ending 31 December 2011.

The Company will comply with the applicable requirements under the Listing Rules upon renewal of the Framework Construction Agreement.

LETTER FROM THE BOARD

ANNUAL CAPS

As disclosed in the First Announcement, the Annual Caps for the maximum annual amount payable by Richcoast Group to Yida Group under the Framework Construction Agreement for the two years ending 31 December 2010 are RMB91.4 million. It is expected that these Annual Caps are considered to be no longer sufficient. Therefore, the Company proposes to revise the Annual Caps for the two years ending 31 December 2010 and to set a new Annual Cap for the year ending 31 December 2011 as follows:

	During the financial year ending 31 December		
	2009	2010	2011
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
The existing Annual Caps	91,400,000	91,400,000	—
The new Annual Caps	200,000,000	250,000,000	250,000,000

In determining the revised and the new Annual Caps, the Directors have taken into account the latest development plan, the estimated site formation and construction works progress on the Land and the quality, capability and the scope of services that can be provided by Yida Group as compared with other contractors of similar rank.

The total amount paid or payable by Richcoast Group to Yida Group for the Construction Services for the six months ended 30 June 2009 is approximately RMB27.11 million. Richcoast Group is in discussion with Yida Group on several material agreements in relation to the Construction Services and it is anticipated that the total annual amount payable by Richcoast Group for the Continuing Connected Transactions will exceed the existing Annual Caps for the two years ending 31 December 2009 and 31 December 2010.

Under the current planning, the Group will expedite the progress on the development of Dalian Tiandi • Software Hub. The Directors are of the view that, in terms of the strength, expertise and experience of Yida Group in large-scale integrated project development and based on the Group's smooth and close working experience with Yida Group in the past, Yida is one of the few competent contractors which has adequate capacity and strong local experience to cope with the Group's expedited development in Dalian.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT AND REVISION OF ANNUAL CAPS

In light of the current development of the Dalian Tiandi • Software Hub at the Land, more site formation and construction works are expected to be taken. The Directors consider that the entering into the Supplemental Agreement allows the Group to potentially accelerate the development schedules and enjoy the resulting economic benefits, this is in line with the commercial objectives of the Group.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors) consider that the revised and the new Annual Caps and the terms of the Supplemental Agreement are fair and reasonable and on normal commercial terms, and that the Continuing Connected Transactions are in the interest of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As Yida (through its wholly-owned subsidiary) is a substantial shareholder of Richcoast, a subsidiary of the Company for the purposes of the Listing Rules, Yida is a connected person of the Company. Therefore, the transactions contemplated under the Framework Construction Agreement (as supplemented by the Supplemental Agreement) constitute continuing connected transactions of the Company.

Since the applicable relevant percentage ratios (other than the profits ratio) as defined in Rule 14A.10 of the Listing Rules in respect of the Framework Construction Agreement as supplemented by the Supplemental Agreement exceed 2.5%, the Continuing Connected Transactions and the Revision of Annual Caps are subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders in respect of the Continuing Connected Transactions contemplated under the Supplemental Agreement (together with the Revision of Annual Caps), and Optima Capital has been appointed as an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Shareholders should consider carefully the recommendations of the Independent Board Committee and the factors, reasons and recommendations in relation to the Supplemental Agreement and the Continuing Connected Transactions.

INFORMATION REGARDING THE GROUP AND YIDA GROUP

The Company through its subsidiaries and associates is one of the leading property developers in the PRC. The Group engages principally in the development, sale, leasing, management and the long-term ownership of high-quality residential, office, retail, entertainment and cultural properties in the PRC.

The Yida Group is a conglomerate with interests in property development, construction and furnishing, equipment manufacturing, software park development, platform development for software and information services, and professional training and education. Other than being a joint venture partner for the property development project of Dalian Tiandi • Software Hub, to the best knowledge and belief of the Directors having made all reasonable enquiries, the Yida Group has no other relationship with the Group.

REFRESHMENT OF THE EXISTING ISSUE MANDATE

Following the completion of top-up placing on 22 June 2009 and the bonus issue of Shares on 30 June 2009, an aggregate number of 837,059,717 Shares were allotted and issued under the Existing Issue Mandate, accordingly, the Existing Issue Mandate has been substantially utilised. The Directors

LETTER FROM THE BOARD

consider that it is necessary to refresh the Existing Issue Mandate to enhance the Company's flexibility to raise equity for financing future business development beneficial to the Shareholders, though no concrete plan has been identified at present. Accordingly, the Directors consider that the grant of the Refreshed Issue Mandate is in the interests of the Company and the Shareholders as a whole.

At the Latest Practicable Date, the Company had an aggregate of 5,022,656,888 Shares in issue. Assuming that no Share will be issued or repurchased by the Company on or before the EGM and subject to the passing of the ordinary resolution for the approval of the Refreshed Issue Mandate, the Company would be allowed under the Refreshed Issue Mandate to allot, issue or otherwise deal with up to 1,004,531,377 Shares, representing approximately 20% of the aggregate nominal amount of the issued share capital of the Company at the Latest Practicable Date. The Company has not refreshed the Existing Issue Mandate since its annual general meeting held on 4 June 2009.

The Refreshed Issue Mandate will, if granted, remain effective until the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands and other relevant jurisdiction to be held; and (iii) the revocation or variation of the authority given to the Directors by an ordinary resolution of the Shareholders in general meeting of the Company.

The Independent Board Committee has been established to give recommendations to the Independent Shareholders, and Optima Capital has been appointed by the Company as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the refreshment of the Existing Issue Mandate.

THE EGM

The notice convening the EGM is set out on pages 31 to 33 of this circular. At the EGM, ordinary resolutions will be proposed to the Independent Shareholders for approval of the Supplemental Agreement, the Continuing Connected Transactions (together with the Revision of Annual Caps) and the Refreshed Issue Mandate. The proposed resolutions will be voted by way of poll at the EGM.

Pursuant to the Listing Rules, any connected person with a material interest in the Continuing Connected Transactions contemplated under the Supplemental Agreement, and any other Shareholders and their respective associates with a material interest in the Continuing Connected Transactions contemplated under the Supplemental Agreement shall abstain from voting in respect of the relevant resolution. To the best of the Directors' knowledge and belief after having made all reasonable enquiries, no Shareholder is required to abstain from voting in respect of the resolution regarding the Continuing Connected Transactions to be proposed at the EGM.

Pursuant to Rule 13.36(4) of the Listing Rules, the grant of the Refreshed Issue Mandate is subject to the approval of the Independent Shareholders by way of a poll at the EGM with the controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates abstain from voting in favour. At the Latest Practicable Date,

LETTER FROM THE BOARD

Mr. Lo and his associates have an interest in 49.98% of the issued share capital of the Company. Accordingly, Mr. Lo and his associates will abstain from voting in favour of the relevant resolution to be proposed at the EGM to approve the grant of the Refreshed Issue Mandate. Mr. Lo and his associates do not have intention to vote against the proposed resolution in respect of the grant of the Refreshed Issue Mandate.

A proxy form for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's place of business in Hong Kong at 34th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form will not prevent you from attending and voting in person at the EGM and any adjourned meeting (as the case may be) if you so wish.

RECOMMENDATION

The Directors (including the independent non-executive Directors) take the view that the terms of the Supplemental Agreement, the Continuing Connected Transactions (together with the Revision of Annual Caps) and the refreshment of the Existing Issue Mandate are fair and reasonable, and that the Continuing Connected Transactions are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of all the ordinary resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 10 to 11 and the letter of advice from the Independent Financial Adviser set out on pages 12 to 22 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*

(於開曼群島註冊成立的有限責任公司)

(Stock code: 272)

7 August 2009

To the Independent Shareholder(s)

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

**Supplemental Agreement in relation to
the Framework Construction Agreement for Dalian Tiandi • Software Hub**

AND

REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES

We refer to the circular (the “Circular”) dated 7 August 2009 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 Supplemental Agreement, the Continuing Connected Transactions (together with the Revision of Annual Caps) and the refreshment of the Existing Issue Mandate are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Optima Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Supplemental Agreement, the Continuing Connected Transactions and the refreshment of Existing Issue Mandate.

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 9 of the Circular and the text of a letter of advice from Optima Capital, as set out on pages 12 to 22 of the Circular, both of which provide details of the Supplemental Agreement, the Continuing Connected Transactions and the refreshment of Existing Issue Mandate.

* *for identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Supplemental Agreement, the Continuing Connected Transactions and the refreshment of Existing Issue Mandate, the advice of Optima Capital and the relevant information contained in the letter from the Board, we are of the opinion that the terms of the Supplemental Agreement, the Continuing Connected Transactions (together with the Revision of Annual Caps) and the refreshment of the Existing Issue Mandate are fair and reasonable so far as the Independent Shareholders are concerned and that the entering into of the Supplemental Agreement, the Continuing Connected Transactions (together with the Revision of Annual Caps) and the refreshment of the Existing Issue Mandate are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions in respect of the Supplemental Agreement, the Continuing Connected Transactions (together with the Revision of Annual Caps) and the Refreshed Issue Mandate at the EGM.

Yours faithfully,

Independent Board Committee

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

The following is the letter of advice from Optima Capital to the Independent Board Committee and the Independent Shareholders which has been prepared for the purpose of inclusion in this circular.



Unit 3618, 36th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

7 August 2009

To: the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

**Supplemental Agreement in relation to
the Framework Construction Agreement for Dalian Tiandi • Software Hub**

AND

REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the terms of the Supplemental Agreement and Continuing Connected Transactions (together with the Revision of Annual Caps) between the Richcoast Group and the Yida Group for a term of three years ending 31 December 2011; and (ii) the refreshment of Existing Issue Mandate, details of which are set out in the letter (the “**Letter**”) from the Board contained in the circular of the Company dated 7 August 2009 (the “**Circular**”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless defined otherwise in this letter.

On 7 August 2008, Richcoast entered into the Framework Construction Agreement with Yida, whereby the Yida Group may enter into contracts with the Richcoast Group to perform site formation and construction works on the Land from time to time for a term expiring no later than 31 December 2010. By virtue of Yida (through its wholly-owned subsidiary) being a substantial shareholder of Richcoast, a subsidiary of the Company, the transactions contemplated under the Framework Construction Agreement constitute continuing connected transactions of the Company. Details of such continuing connected transactions were disclosed in the First Announcement.

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

On 17 July 2009, Richcoast entered into the Supplemental Agreement with Yida to extend the term of the Framework Construction Agreement to 31 December 2011 such that the Framework Construction Agreement as supplemented by the Supplemental Agreement shall cover three years ending 31 December 2011. As referred to in the Letter, the annual caps in respect of the Construction Services provided and to be provided by the Yida Group for the two years ending 31 December 2010 as disclosed in the First Announcement (the “**Existing Annual Caps**”) are considered to be no longer sufficient and thus, the Company proposed to revise the Existing Annual Caps for each of the two years ending 31 December 2010 and to set the new Annual Cap for the year ending 31 December 2011. Since the applicable relevant percentage ratios (other than the profit ratio) as defined in Rule 14A.10 of the Listing Rules in respect of the new Annual Caps for the Construction Services exceed 2.5%, the Continuing Connected Transactions and the Revision of Annual Caps are subject to the reporting, announcement and independent shareholders’ approval requirements under the Listing Rules. As stated in the Letter, to the best of the Directors’ knowledge and belief after having made all reasonable enquiries, no Shareholder is required to abstain from voting in respect of the resolution regarding the Supplemental Agreement and the Continuing Connected Transactions to be proposed at the EGM.

The Board also proposes to seek approval of the Independent Shareholders on the Refreshed Issue Mandate to be granted to the Directors to exercise the power of the Company to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the EGM. As stated in the Letter, Mr. Lo and his associates, having an interest in 49.98% of the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting in favour of the relevant resolution to be proposed at the EGM to approve the grant of the Refreshed Issue Mandate.

The Independent Board Committee comprising Dr. Edgar W. K. CHENG, Professor Gary C. BIDDLE and Dr. Roger L. McCARTHY, each being an independent non-executive Director, has been constituted to advise the Independent Shareholders in respect of the terms of the Supplemental Agreement and Continuing Connected Transactions (together with the Revision of Annual Caps) and the terms of the refreshment of Existing Issue Mandate. In our capacity as the independent financial adviser of the Independent Board Committee and the Independent Shareholders, our role is to provide an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether (i) the terms of the Supplemental Agreement and Continuing Connected Transactions are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; (ii) the new Annual Caps for each of the three years ending 31 December 2011 are fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (iii) the terms of the refreshment of Existing Issue Mandate are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Company and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and up to the date of the EGM. We have also sought and received confirmation from the management of the Company that no material facts have been

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information have been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Supplemental Agreement and the Continuing Connected Transactions

In considering whether the terms of the Supplemental Agreement and Continuing Connected Transactions (together with the Revision of Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

1.1 Background for the Continuing Connected Transactions

The Company through its subsidiaries and associates is one of the leading property developers in the PRC. The Group is principally engaged in the development, sale, leasing, management and long-term ownership of high-quality residential, office, retail, entertainment and cultural properties in the PRC.

Richcoast is a subsidiary of the Company, in which the Company holds a 61.54% equity interest. Richcoast Group is principally engaged in property development and holds 78% interest in the property development project of Dalian Tiandi • Software Hub.

Dalian Tiandi • Software Hub is one of the major development projects of the Group. As referred to in the annual report of the Company for the year ended 31 December 2008 (the “**Annual Report**”), Dalian Tiandi • Software Hub is located adjacent to Dalian Software Park Phase 1. According to the website of 大連軟件園股份有限公司 (the company which established the Dalian Software Park Phase 1), Dalian Software Park Phase 1 is a sizeable information technology industrial zone in the PRC with an area of approximately 3,000,000 square metres (“**sq.m.**”) and is positioned as an internationalized software park with more than 450 tenant companies (as of July 2009), many of which are multi-national companies involved in application software development and business process outsourcing activities. The project of Dalian Tiandi • Software Hub is a large-scale mixed-use integrated development consisting of a software park office, residential, commercial, education facilities and hotels, which is designed to serve the city’s emerging information technology outsourcing and business process outsourcing industries. The Land, being the land area constituting Dalian Tiandi • Software Hub, comprises 23 plots of land with a total area of approximately 6,790,500 sq.m..

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

As advised by the management of the Company, in its ordinary course of business, the Richcoast Group will from time to time engage contractors to conduct the site formation and construction works for the property development project of Dalian Tiandi • Software Hub on the Land. In general, qualified contractors will be invited to submit tenders for such construction works and the Richcoast Group will engage an independent quantity surveying consultant to assist in the tendering and the contract awarding assessment process. After taking into account the advice from the independent quantity surveying consultant and considering the technical capability to satisfy contracts requirements, management strength and track record of, and the bid price submitted by the bidders, the procurement resolution committee of the Richcoast Group will hold a committee meeting to discuss and confirm which bidders will be awarded the construction works.

Yida (through its wholly-owned subsidiary), a substantial shareholder of Richcoast, is a connected person of the Company. As stated in the Letter, other than being a joint venture partner for the property development project of Dalian Tiandi • Software Hub, to the best knowledge and belief of the Directors having made all reasonable enquiries, the Yida Group has no other relationship with the Group. As advised by the management of the Company and according to the website of Yida, the Yida Group, being one of the major developers in Dalian, is a conglomerate with interests in property development, construction and furnishing, equipment manufacturing, software park development, platform development for software and information services, and professional training and education, and it has participated in a number of large-scale integrated development project in Dalian (including the development of Dalian Software Park Phase 1). The business relationship between the Richcoast Group and the Yida Group has commenced since 2008 when the Yida Group was engaged by the Richcoast Group in May 2008 to perform site formation works for certain plots of area of the Land. Details of such site formation agreement entered into between the parties were disclosed in the announcement of the Company dated 13 May 2008. Following that, as the Richcoast Group anticipated that more construction works in respect of Dalian Tiandi • Software Hub would be demanded from the Yida Group in coming years, Richcoast and Yida entered into the Framework Construction Agreement on 7 August 2008, pursuant to which the Yida Group may enter into contracts with the Richcoast Group to perform site formation and construction works on the Land from time to time for a term expiring no later than 31 December 2010 and the Existing Annual Caps were set. Such site formation and construction works include excavation and/or filing, clearance of the construction site, removal of the construction garbage, setting up drainage system and construction of the main structures of the Land. Details of the Framework Construction Agreement and the Existing Annual Caps for the year ended 31 December 2008 and for each of the years ending 31 December 2009 and 2010 were set out in the announcement of the Company dated 7 August 2008. We understand from the Company that the Yida Group has been able to provide high quality services to the Group and the Group was satisfied with its services.

1.2 Reasons for the entering into of the Supplemental Agreement and Revision of Annual Caps

As stated in the Annual Report, the Company may choose to accelerate the construction mix of projects or products that are currently preferred in the market in light of the present market situation. It was also stated in the Annual Report that the gross floor area of the Company to be completed is expected to increase going forward as more of the projects of the Company emerge from incubation,

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namely Foshan Lingnan Tiandi and Dalian Tiandi • Software Hub. As referred to in the Letter, under the current planning, the Group will expedite the progress on the development of Dalian Tiandi • Software Hub and therefore more site formation and construction works are expected to take place in the coming years.

We are advised by the Company that having considered the satisfactory services provided by the Yida Group since 2008, the strength and experience of the Yida Group in handling large-scale development projects in Dalian and the Group's smooth and close working experience with the Yida Group in the past, the Group intends to maintain a continuous business relationship with the Yida Group and it is expected that Yida may continue to be one of the few competent contractors which has adequate capacity and strong local experience to cope with the Group's development in Dalian Tiandi • Software Hub. In view of the accelerated development plan of the Dalian Tiandi • Software Hub project as mentioned above and taking into account the estimated total annual contract amount payable by the Richcoast Group for the Construction Services which have been awarded to the Yida Group or in discussion between the Richcoast Group and the Yida Group will exceed the Existing Annual Caps for the two years ending 31 December 2009 and 31 December 2010, the Company considered it necessary to enter into the Supplemental Agreement and revise the Existing Annual Caps for the two years ending 31 December 2010 and to set the new Annual Cap for the year ending 31 December 2011.

Having considered (i) the Continuing Connected Transactions is recurring in nature and have been taken place since 2008 pursuant to the Framework Construction Agreement; (ii) the expertise and experience of the Yida Group in Dalian and the Construction Services provided by the Yida Group in the past were satisfactory; and (iii) the entering into of the Supplemental Agreement to extend the term of the business relationship between the Richcoast Group and the Yida Group will enable the Group to cement a continuous business relationship with the Yida Group and in turn provide the Company with a wider selection of qualified contractors for conducting the Construction Services on Dalian Tiandi • Software Hub, we are of the view that the entering into of the Supplemental Agreement is in the interest of the Company and Independent Shareholders as a whole.

1.3 Terms of the Framework Construction Agreement (as supplemented by the Supplemental Agreement)

Pursuant to the Framework Construction Agreement (as supplemented by the Supplemental Agreement), the parties may from time to time enter into construction agreements, with the terms of each agreement, including the scope, the work period, the quality and other customary terms for the construction works, determined on an arm's length basis in accordance with fair and usual market practice. Moreover, the fee of each construction agreement shall not exceed the prevailing market price for providing similar construction works in Dalian.

As mentioned above in the paragraph headed "Background for the Continuing Connected Transaction", in general, the qualified contractors will be invited to submit tenders for construction contracts and the Richcoast Group would engage an independent quantity surveying consultant to assist in the tendering and contract awarding assessment process. After taking into account the advice from the independent quantity surveying consultant and considering the technical capability to satisfy contracts requirements, management strength and track record of, and the bid price submitted by the bidders, the procurement resolution committee of the Richcoast Group will hold a committee meeting

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to discuss and confirm which bidders will be awarded the construction works. In this connection, we have discussed with the management of the Company and understand that the Yida Group may participate in the bidding put out to tender by Richcoast in accordance with the tendering procedures of Richcoast Group from time to time in place (the “**Tendering Procedures**”) on the same terms as offered to other independent qualified contractors which are invited to bid for the contract; and if any construction contract is granted in favor of the Yida Group as a result of a successful bid, the Yida Group will provide construction services based on the terms of the successful bid. We have also reviewed samples of tendering meeting notes and the assessment reports from the independent quantity surveying consultants which have summarized and compared tenders submitted by various parties (including Yida Group) for certain projects whereas the Richcoast Group finally entered into the construction contracts with the Yida Group. We noted that in the selection process, Richcoast Group has considered a number of factors including price, the capability and expertise of the bidders on the particular type of construction work required and the expected working days to complete the construction. Based on the notes and reports compiled and provided by the Richcoast Group, we found that the prices charged and major terms as proposed by the Yida Group were reasonable as compared to those quoted by independent third party contractors. In addition, we noted that in certain occasions, construction contracts were entered into with the Yida Group without going through the Tendering Procedures. As explained by the Company, such contracts were usually associated with the site formation and construction works which have been awarded to the Yida Group. Moreover, similar to the Tendering Procedures, the Richcoast Group would also engage an independent quantity surveying consultant for the purpose of analysing the proposals submitted by the Yida Group and the procurement resolution committee of the Richcoast Group would have a meeting to discuss and confirm whether the Yida Group would be the most suitable contractor for such contracts. In this connection, we have reviewed the notes and reports and we noted that the fees for the Construction Services under such contracts were determined after taking into account the assessment of the independent quantity surveying consultant and were comparable to market rates for such construction contracts.

Based on the above, and on the basis that in general Tendering Procedures are required for construction contracts, and in cases where contracts are awarded to the Yida Group without going through the Tendering Procedures, the formal non-tender contracts are to be entered into based on normal commercial terms along the basis of market price, we are of the view that the terms of the Framework Construction Agreement (as supplemental by the Supplemental Agreement) are fair and reasonable so far as Independent Shareholders are concerned.

1.4 Basis of the Annual Caps

Set out below are the Existing Annual Caps and the new Annual Caps for each of the three years ending 31 December 2011:

	During the financial year ending		
	31 December		
	2009	2010	2011
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
The Existing Annual Caps	91,400,000	91,400,000	—
The new Annual Caps	200,000,000	250,000,000	250,000,000

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As stated in the Letter, in determining the new Annual Caps, the Directors have taken into account the latest development plan, the estimated site formation and construction works progress on the Land and the quality, capability and the scope of services that can be provided by the Yida Group as compared with other contractors of similar rank.

In assessing the fairness and reasonableness of the new Annual Caps, we have discussed with the management of the Company the basis and assumptions underlying the determination of the new Annual Caps and obtained the understanding that, due to its early stage of development and the global economic downturn in 2008, the Group had adopted a conservative development plan for the project of Dalian Tiandi • Software Hub and therefore in setting the Existing Annual Caps. Subsequent to the entering into of the Framework Construction Agreement, the property market has gradually picked up in the year 2009 and it is the Company's business strategy to accelerate the construction mix of projects or products which are preferred in the market in light of the prevailing market situation. As the Group has decided to expedite the progress on the development of Dalian Tiandi • Software Hub, more site formation and construction works are expected to be provided by qualified contractors. As advised by the Company, the estimated contract amount payable to the Yida Group for each of the two years ending 31 December 2009 and 2010 based on the existing Construction Services in progress and the contracts awarded to or under discussion with the Yida Group are approximately RMB147 million (including the total amount paid or payable to the Yida Group for the six months ended 30 June 2009 of approximately RMB27.11 million) and approximately RMB117 million respectively. In addition, it is expected that similar level of Construction Services would be provided by the Yida Group for the year ending 31 December 2011. On this basis, the Existing Annual Caps for each of the years ending 31 December 2009 and 2010 are considered insufficient. We have also reviewed the latest development plan of Dalian Tiandi • Software Hub and noted that most of the site formation and construction work will commence in the second half of 2009, and the expected gross floor area involved is approximately three times more than that commenced in the first half of 2009. In order to allow the Richcoast Group flexibility in choosing competent qualified contractors to take up the increased demand of site formation and construction works which are expected to take place in the coming years in accordance with the updated development plan on the Dalian Tiandi • Software Hub, the Company considers it necessary to revise the Existing Annual Caps and set the new Annual Caps for each of the years ending 31 December 2009, 2010 and 2011 to RMB200 million, RMB250 million and RMB250 million respectively. The management of the Company has further advised that, apart from the factors mentioned in the previous paragraph and the estimated contract amount paid or payable to the Yida Group as mentioned above, certain buffer has been reserved in determining the new Annual Caps in case more contracts are awarded to the Yida Group in the coming three years based on the current expedited development schedules of the Dalian Tiandi • Software Hub on the Land.

Furthermore, we noted that the business strategy of the Company to accelerate the development of Dalian Tiandi • Software Hub is generally in line with the economic growth of Dalian and the PRC. Despite the global economic downturn since the second half of 2008, the PRC and the city of Dalian experienced steady economic growth in 2008. According to the information from the websites of National Bureau of Statistics of China (中華人民共和國國家統計局) and Dalian Municipal Bureau of Statistics (大連市統計局), in 2008, (i) the gross domestic products of the PRC increased to approximately RMB30,067 billion, up by approximately 9% over 2007; and (ii) the gross domestic

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products of Dalian increased to approximately RMB385.8 billion, up by approximately 16.5% over 2007. In addition, according to the information obtained from the website of the Dalian Bureau of Information Industry (大連市信息產業局), the People's Government of Dalian Municipality (大連市人民政府) has proposed in 2008 a series of measures in relation to the development of software and business process outsourcing industry (the "Industry") including, among other things, (i) to achieve that, by year 2013, the Industry will become one of the major industry in Dalian which contributes more than 10% of the gross domestic products of Dalian; (ii) to speed up the development of the software parks in Dalian; and (iii) to encourage the development of residential buildings for software engineers. Based on the steady economic growth of Dalian and the PRC and the government support for the Industry as demonstrated above, and in order to provide sufficient operating flexibility to the Richcoast Group to cater for any change in development plan of Dalian Tiandi • Software Hub, we consider it reasonable for the Richcoast Group to reserve certain buffer in determining the new Annual Caps for the years ending 31 December 2009, 2010 and 2011.

In view of the recurring nature of the transactions (the terms of which will be governed by the Framework Construction Agreement (as supplemented by the Supplemental Agreement)) and the entering into of construction contracts between the Richcoast Group and the Yida Group will normally depend on a number of factors, including the price quoted by the Yida Group, expertise of the Yida Group on the particular construction projects, and the time required by the Yida Group to complete the project, and after taking into account of the report and analysis by the independent quantity surveying consultant, we concur with the Directors' view that the proposed new Annual Caps should cater for the business needs of the Group and will provide sufficient operating flexibility to the Group. Having taken into account (i) the current accelerated development plan of Dalian Tiandi • Software Hub by the Richcoast Group and therefore the expected increase in demand in the Construction Services for the coming years; (ii) the Richcoast Group is satisfied with the Construction Services provided and will continue to consider the Yida Group as one of the qualified contractors to provide site formation and construction works to the Richcoast Group; (iii) construction contracts entered into between the Richcoast Group and the Yida Group are under normal commercial terms; and (iv) the construction costs of the awarded projects or projects in discussion which are expected to realize in each of the financial years ending 31 December 2009 and 2010 as set out above, and similar level of Construction Services is expected to realize in the year ending 31 December 2011, we are of the view that the Annual Caps for each of the three years ending 31 December 2009, 2010 and 2011 of RMB200 million, RMB250 million and RMB250 million are fair and reasonable so far as the Company and Independent Shareholders are concerned.

1.5 Opinion

Having considered the above principal factors and reasons, we consider (i) the entering into of the Supplemental Agreement are in the interests of the Company and Shareholders as a whole; (ii) the terms of Framework Construction Agreement (as supplemented by the Supplemental Agreement) and the Continuing Connected Transactions are on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and (ii) the new Annual Caps for the three years ending 31 December 2011 are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

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2. Refreshment of Existing Issue Mandate

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the refreshment of Existing Issue Mandate, we have considered the following principal factors and reasons:

2.1 *Background of and reasons for the refreshment of Existing Issue Mandate*

At the annual general meeting of the Company held on 4 June 2009 (the “AGM”), the Directors are authorized to allot, issue and deal with up to a maximum of 837,119,434 Shares under the Existing Issue Mandate which was granted to the Directors, being 20% of the aggregated issued share capital of the Company as at the date of passing of the relevant resolution at the AGM. The Company has not refreshed the Existing Issue Mandate since the AGM.

As stated in the Letter, following the completion of the top-up placing (the “Placing”) on 22 June 2009 and the bonus issue of Shares on 30 June 2009, an aggregate of 837,059,717 Shares were allotted and issued under the Existing Issue Mandate, accordingly the Existing Issue Mandate has been substantially utilized and only 59,717 new Shares could be further issued under the Existing Issue Mandate as at the Latest Practicable Date. In addition, we are advised by the Directors that the next annual general meeting will not be held until around June 2010, which is about 10 months away from the Latest Practicable Date.

In order to enhance the Company’s flexibility to raise equity for financing future business development beneficial to the Shareholders, though no concrete plan has been identified at present, the Directors consider that it is necessary to refresh the Existing Issue Mandate such that the Directors can exercise the power of the Company to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the EGM.

As at the Latest Practicable Date, the Company had an aggregate of 5,022,656,888 Shares in issue. Assuming that no Shares will be issued or repurchased by the Company on or before the EGM and subject to the passing of the ordinary resolution for the approval of the Refreshed Issue Mandate, the Directors would be allowed under the Refreshed Issue Mandate to allot, issue and deal with up to 1,004,531,377 new Shares, representing 20% of the aggregate nominal amount of the issued share capital of the Company as at the Latest Practicable Date.

Shareholders should also note that the authority granted to the Directors under the Refreshed Issue Mandate will be valid for a fixed period only. The Refreshed Issue Mandate will, if granted, remain effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of Cayman Islands and other relevant jurisdiction to be held; and (iii) the revocation or variation of the authority given to the Directors by an ordinary resolution of the Shareholders in general meeting of the Company. Such duration is in compliance with the requirements of the Listing Rules, and would, in our view, be an effective mechanism allowing the Shareholders chance to review and monitor how the Refreshed Issue Mandate is or has been exercised by the Directors.

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2.2 *Financing Options*

Based on the Annual Report, as at 31 December 2008, the Group had bank borrowings of approximately RMB8,198 million and total cash and bank deposits of approximately RMB3,380 million (which included approximately RMB1,709 million of deposits pledged to banks). We expect that the cash balances of the Group has increased since 31 December 2008 as a result of the net proceeds of approximately HK\$1,994.76 million raised from the Placing. According to the announcement of the Company dated 10 June 2009 in respect of the Placing, such net proceeds will be used to develop the land bank or for general corporate purposes, including working capital of the Company. As at 31 December 2008, the Group had approximately (i) RMB5,418 million contracted commitments for development costs and capital expenditure; (ii) RMB4,646 million outstanding consideration for acquiring the land use rights of the property development project in Foshan; (iii) RMB528 million guarantees to banks in respect of banking facilities granted to its associates for the development of Dalian Tiandi • Software Hub; and (iv) RMB121 million commitment to provide further funding to its associates for the development of Dalian Tiandi • Software Hub. In addition, as disclosed in the announcement of the Company dated 29 July 2009, the Company has entered into a sale and purchase agreement for the acquisition of the remaining 30% equity interest in a non-wholly subsidiary of the Company at a consideration of RMB100 million to be satisfied in cash.

In light of the level of borrowings, net cash position and the capital commitment of the Company as discussed above, we consider that it would be reasonable for the Group to avail itself of various financing options including both debt and equity financings, thereby maximizing its flexibility in financial planning and management. Also, we are advised by the Directors that the existing cash resources of the Group are sufficient for it to conduct its daily operations and there is no immediate funding need for its current operation. However, in the event the Company identifies a suitable investment opportunity for its business development but does not have sufficient financial resources on hand, or is unable to obtain loan financing on acceptable terms, or cannot find other alternatives to finance the acquisition of such investment opportunity in a timely manner, the Company may lose its bid in an otherwise favourable investment and also a favourable opportunity to expand its business portfolio. Given the Company has almost fully utilized the Existing Issue Mandate, the granting of the Refreshed Issue Mandate will restore the Directors' power to issue up to a total of 20% of the issued share capital of the Company on the date of the EGM, and thereby enhance the Company's ability to raise more new equity capital, if and when opportunities arise, by way of issue new Shares or other convertible instruments.

Without the granting of the Refreshed Issue Mandate, any further equity issues by the Company in excess of the limit of the Existing Issue Mandate will require specific mandate from Shareholders at general meeting. As the time to obtain a specific mandate from Shareholders could take well over one month, this may affect the Company's ability to tap funding from the equity market, or to acquire assets, by way of issue of new Shares, in the most efficient way when good opportunities come, as investors who wish to subscribe for new Shares may not be prepared to take the time risk if there is a long completion time.

In this regard, we consider that it would be beneficial to the Company if the Directors are empowered with the Refreshed Issue Mandate, which will enable them to react and respond quickly to raise new equity in the stock market, which is presently highly volatile.

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2.3 Potential Dilution to Shareholders

The issue of new Shares under the Refreshed Issue Mandate would be dilutive to the percentage shareholding of the existing Shareholders. As at the Latest Practicable Date, the aggregated shareholding interests of the public Shareholders were 2,512,016,643 Shares, representing 50.01% of the issued share capital of the Company. As the Existing Issue Mandate has not been refreshed since the AGM and assuming that (i) the proposed Refreshed Issue Mandate will be approved at the EGM; (ii) no Shares will be issued or repurchased from the Latest Practicable Date up to the date of the EGM (both dates inclusive); and (iii) full utilisation of the Refreshed Issue Mandate such that a total of 1,004,531,377 Shares were issued under the Refreshed Issue Mandate, the aggregate shareholding interests of the existing public Shareholders will be decreased to 41.68%, which scale of dilution is, in our view, generally accepted by the market. Moreover, all Shareholders will be affected to the same extent so long as new Shares issued under the Refreshed Issue Mandate are to independent third parties being not connected persons (as defined in the Listing Rules) of the Company. If new Shares are issued to connected persons (other than the circumstances set out in Rule 14A.31(3) of the Listing Rules), a specific mandate will be required under the Listing Rules.

2.4 Opinion

Taking into account that (i) the Refreshed Issue Mandate will allow the Company to capture opportunities in a timely manner to increase its capital base by way of new equity issue under the Refreshed Issue Mandate as and when favourable opportunity arises in the market; (ii) the Refreshed Issue Mandate may provide flexibility to the Company for equity capital funding alternatives so as to enable the Group to achieve a more cost effective financing structure for its future development; and (iii) the Existing Issue Mandate has been substantially utilized for raising new funds to the Company under the Placing and the bonus issue of Shares to Shareholders; and (iv) the percentage shareholding of all the existing Shareholders will be diluted proportionally to their respective shareholdings upon utilisation of the whole, or part of the Refreshed Issue Mandate and that the maximum dilution impact resulted therefrom is generally accepted by the market, we consider that on balance, the benefits of empowering the Directors to issue new Shares under the Refreshed Issue Mandate would outweigh the adverse impacts in terms of potential dilutions in the percentage shareholding of existing Shareholders that will occur if the Refreshed Issue Mandate is exercised by the Directors.

RECOMMENDATION

Based on our opinions above, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions in respect of the Supplemental Agreement, the Continuing Connected Transactions (together with the Revision of Annual Caps) and the Refreshed Issue Mandate to be proposed at the EGM.

Yours faithfully,
for and on behalf of
OPTIMA CAPITAL LIMITED
Mei H. Leung **April Chan**
Chairman *Director*

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 ordinary shares	Approximate percentage of interests in the Company
Mr. Lo	Other and Family	2,509,375,245 <i>(Note 1)</i> 1,265,000 <i>(Note 2)</i>	49.986%
Mr. Louis H. W. WONG	Personal	1,982,200	0.039%
Mr. Aloysius T. S. LEE	Personal	517,000 <i>(Note 3)</i>	0.010%
Dr. William K. L. FUNG	Personal	4,070,000	0.081%
Professor Gary C. BIDDLE	Personal	220,000	0.004%

Notes:

- (1) These shares are directly held by subsidiaries of Shui On Company Limited (“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 (PTC) 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 (PTC) Inc. and HSBC International Trustee Limited are deemed to be interested in such shares under the SFO. Mr. Lo is also deemed to be interested in the shares held by New Rainbow Investments Limited, a wholly-owned subsidiary of Shui On Construction and Materials Limited.

- (2) These shares are beneficially owned by Ms. Loletta CHU, the spouse of Mr. Lo. Mr. Lo is deemed to be interested in such shares under the SFO.
- (3) These shares are held jointly with Ms. Kalice L. T. KWONG, the spouse of Mr. Aloysius T. S. LEE.

(ii) *Long position in the underlying Shares*

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 share options at the Latest Practicable Date
Mr. Louis H. W. WONG	20/06/2007	7.00	20/06/2009 to 19/06/2016	5,510,203
Mr. Aloysius T. S. LEE	1/11/2007	11.78	1/11/2009 to 31/10/2016	2,971,137
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 of the Company required to be kept under Section 352 of the SFO.

(b) Associated Corporation — Shui On Construction and Materials Limited (“SOCAM”)**(i) Long position in the shares of SOCAM**

Name of Director	Nature of interests	Total number of ordinary shares	Approximate percentage of interests in SOCAM
Mr. Lo	Other and Family	181,981,000 <i>(Note 1)</i> 312,000 <i>(Note 2)</i>	37.37%
Dr. William K. L. FUNG	Personal	682,000	0.14%

Notes:

- (1) Among 181,981,000 SOCAM shares beneficially owned by SOCL, 166,148,000 SOCAM shares and 15,833,000 SOCAM shares are 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 (PTC) 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.
- (2) These shares are beneficially held by Ms. Loletta CHU, the spouse of Mr. Lo. Mr. Lo is deemed to be interested in such shares under the SFO.

(ii) Short position in the shares of SOCAM

Name of Director	Nature of interests	Total number of ordinary shares	Approximate percentage of interests in SOCAM
Mr. Lo	Other	1,600,000 <i>(Note 1)</i>	0.32%

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 SOCAM. Mr. Lo is deemed to have short position in these SOCAM 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.

At the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have since 31 December 2008 (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/ Nature of interest	Total number of ordinary shares	Approximate percentage of shareholding
Ms. Loletta CHU	Family and Personal	2,510,640,245 <i>(Note 1)</i>	49.98%
HSBC International Trustee Limited	Trustee	2,509,375,245 <i>(Note 2)</i>	49.96%
Bosrich Holdings (PTC) Inc.	Trustee	2,509,375,245 <i>(Note 2)</i>	49.96%
SOCL	Interest of Controlled Corporation	2,509,375,245 <i>(Note 2)</i>	49.96%
SOCAM	Interest of Controlled Corporation	435,678,793 <i>(Note 3)</i>	8.67%

Notes:

- (1) The 2,510,640,245 shares are comprised of 1,265,000 shares beneficially held by Ms. Loletta CHU and 2,509,375,245 shares in which Mr. Lo, the spouse of Ms. Loletta CHU, has a deemed interest under the SFO mentioned in note (2) below. Accordingly, Ms. Loletta CHU is also deemed to be interested in 2,509,375,245 shares under the SFO.
- (2) These shares are beneficially owned by SOCL through its subsidiaries, comprising 1,034,000,000 shares, 1,039,696,452 shares and 435,678,793 shares held by Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited respectively. SOCL is owned by the Bosrich Unit Trust, the trustee of which is Bosrich Holdings (PTC) 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 (PTC) Inc. are deemed to be interested in such shares under the SFO.

- (3) 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.
- (4) All the interests stated above represent long positions.

(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
Elegant Partners Limited	Foresight Profits Limited and its subsidiaries	25%
Equity Millennium Limited	Globe State Properties Limited and its subsidiaries	20%
Shun Hing China Investment Limited	Globe State Properties Limited and its subsidiaries	10%
Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd.	Shanghai Yang Pu Centre Development Company Limited	30%
Wuhan Tiandi Development Company Limited	Fieldcity Investments Limited and its subsidiaries	25%
Main Zone Group Limited	Richcoast Group Limited and its subsidiaries	28.20%
Many Gain International Limited	Richcoast Group Limited and its subsidiaries	10.26%
Chongqing City Center Development Company Limited	Score High Limited and its subsidiaries	19.80%
Golden Swan Holdings Limited	Rightchina Limited and its subsidiaries	25%
Taipingqiao 116 Development Company Limited	Portspin Limited and its subsidiaries	49%

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 expert who has given opinion and advice, which is contained in this circular, are set out as follows:

Name	Qualification
Optima Capital	A licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO.

Optima Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

7. EXPERT'S INTEREST IN ASSETS

At the Latest Practicable Date, Optima Capital:

- (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) was not interested, directly or indirectly, in any assets which have been, since 31 December 2008, being the date to which the latest published audited financial statements of the Company were made up, 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.

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 2008, 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 principal share registrars and transfer office of the Company is Butterfield Fulcrum Group (Cayman) Limited, Butterfield House, 68 Fort Street, P.O. Box 609, Grand Cayman KY1-1107, Cayman Islands.
- (c) 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.
- (d) The registered office of the Company is Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9002, Cayman Islands.
- (e) The place of business of the Company in Hong Kong is 34th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong.
- (f) 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 26 August 2009:

- (a) the Framework Construction Agreement;
- (b) the Supplemental Agreement;
- (c) the “Letter from the Independent Board Committee” as set out in this circular;
- (d) the “Letter of Advice from the Independent Financial Adviser” as set out in this circular;
- (e) the letter of consent from Optima Capital referred to in paragraph 6 of this Appendix I.

NOTICE OF EXTRAORDINARY GENERAL MEETING



瑞安房地產
SHUI ON LAND

Shui On Land Limited
瑞安房地產有限公司*

(於開曼群島註冊成立的有限責任公司)

(Stock code: 272)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “Meeting”) of Shui On Land Limited (the “Company”) will be held at Room 103, 1st Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong on Wednesday, 26 August 2009 at 11:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “THAT

- (a) the Supplemental Agreement (as defined in the circular to shareholders of the Company dated 7 August 2009 and a copy of which has been produced to this meeting marked “A” and initialled by the chairman of this meeting for the purpose of identification) and the continuing connected transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the revised and the new Annual Caps (as defined in the abovementioned circular) for the three financial years ending 31 December 2011 be and are hereby approved; and
- (c) the directors of the Company (“Director(s)”) be and are hereby authorised to do all such further acts and things and execute such further documents and take all steps which in his/their opinion may be necessary, desirable or expedient to implement and/or give effect to the Supplemental Agreement and all other transactions contemplated thereunder with any changes as such Director(s) may consider necessary, desirable or expedient.”

2. “THAT

- (a) subject to paragraph (c) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and

* for identification purposes only

NOTICE OF EXTRAORDINARY GENERAL MEETING

deal with additional shares of the Company (the “Shares”) or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements and options which might require the exercise of such powers be and are hereby generally and unconditionally approved;

- (b) the approval given in paragraph (a) of this Resolution shall be in addition to any other authorisations given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option otherwise) and issued by the Directors pursuant to the approval given paragraph (a) of this Resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of the rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into Shares;
 - (iii) the exercise of any options granted under any share option scheme adopted by the Company or similar arrangement for the time being adopted for the grant or issue to the officers and/or employees of the Company and/or any of its subsidiaries of option to subscribe for, or rights to acquire Shares;
 - (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company from time to time; or

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and the said approval shall be limited accordingly;

- (d) subject to the passing of each of the paragraphs (a), (b) and (c) of this Resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this Resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (e) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands and other relevant jurisdiction to be held; and
- (iii) the revocation or variation of the authority given to the Directors under this Resolution by an ordinary resolution of the Company's shareholders in general meeting.

“Rights Issue” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares at the date (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognized regulatory body or any stock exchange in any territory outside Hong Kong).”

By Order of the Board
Shui On Land Limited
UY Kim Lun
Company Secretary

Hong Kong, 7 August 2009

At the date of this notice, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman and Chief Executive Officer), Mr. Louis H. W. WONG and Mr. Aloysius T. S. LEE; the non-executive director of the Company is The Honourable LEUNG Chun Ying; and the independent non-executive directors of the Company are Sir John R. H. BOND, Dr. Edgar W. K. CHENG, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY and Mr. David J. SHAW.

Notes:

- (1) Any member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
- (2) To be valid, a proxy form, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be lodged with the Company's place of business in Hong Kong at 34th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong not less than 48 hours before the time appointed for the holding the Meeting or any adjournment thereof (as the case may be). Completion and return of a proxy form will not preclude a member from attending and voting in person at the Meeting or any adjourned meeting thereof should he so wish.
- (3) The register of members will be closed from 24 August 2009 to 26 August 2009 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the Meeting to be held on 26 August 2009, members are reminded to ensure that all transfers documents accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 21 August 2009.
- (4) The ordinary resolutions as set out above will be taken by way of poll.