THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ISSUED SHARE CAPITAL IN RIMMER AND MAGIC GARDEN

AND

CONNECTED TRANSACTION IN RELATION TO THE FINANCIAL ASSISTANCE TO MEMBERS OF THE SELLERS' GROUP

AND

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO LANGHAM XINTIANDI HOTEL RELATED TRANSACTIONS

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to
Shui On Land Limited

Standard Chartered

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

PLATINUM
Securities

A letter from the board of the directors of the Company is set out on pages 8 to 30 of this circular. A letter from the independent board committee of the Company is set out on pages 31 to 32 of this circular. A letter from Platinum Securities Company Limited, the independent financial adviser to the independent board committee and independent shareholders of the Company, is set out on pages 33 to 61 of this circular.

A notice convening the extraordinary general meeting of the Company (the "**EGM**") to be held at Peacock Room, 1st Floor, Mandarin Oriental Hotel, 5 Connaught Road, Central, Hong Kong on Monday, 31 October 2011 at 3:30 p.m. is set out on pages 80 to 81 of this circular. Whether or not shareholders are able to attend the EGM, shareholders are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the Company's place of business in Hong Kong at 34/F., 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 holding the EGM or any adjournment thereof. Completion and return of the proxy form shall not preclude shareholders from attending and voting in person at the EGM or any adjourned meeting thereof should shareholders so wish.

6 October 2011

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

"107 Hotel"	the real property or properties located at 7/1 Qiu, Jiefang 107, Huaihai Middle Road, Luwan District (now known as Huangpu District), Shanghai, the PRC;
"Additional Consideration Shares"	having the meaning as ascribed to it in the section headed "The Agreement — Consideration Adjustment";
"Agreement"	the agreement dated 9 September 2011 amongst the Purchaser and the Sellers regarding the Transactions;
"Annual Cap(s)"	the maximum annual aggregate fee(s) payable under the Hotel Management Agreement and the Licence Agreement as described in the section headed "Annual fees payable under the Hotel Management Agreement and the Licence Agreement";
"associate(s)", "controlling shareholder", "connected person(s)", "subsidiary", "substantial shareholder"	each has the meaning defined under the Listing Rules;
"Assumed Liabilities"	the outstanding sum owing to Rimmer by SOI on Completion and standing in the sum of approximately HK$1,202 million at the Last Accounting Date plus the applicable interest accrued thereon from time to time up to Completion;
"Benchmark Share Price"	the notional share price to be used in determining the number of Initial Consideration Shares and the Additional Consideration Shares (if any) to be allotted and issued to the Sellers under the Agreement;
"Board"	the board of the directors of the Company;
"BVI"	the British Virgin Islands;
"Cassidy"	Cassidy Enterprises Corp., a company duly incorporated and registered under the laws of BVI, an indirect wholly-owned subsidiary of SOI;
"Combined Adjusted NAV"	the aggregate of the Shui On Plaza Adjusted NAV and the Langham Xintiandi Hotel Adjusted NAV;
"Company"	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange (Stock code: 272);

"Completion Accounts"	the audited consolidated financial statements (comprising the balance sheet) for each Target Group at the Completion Date;
"Completion Date"	the date upon which Completion is required to take place in accordance with the Agreement;
"Completion"	completion of the Transactions;
"De-merged Company"	in the event Shanghai Li Xing is not the entity owning Langham Xintiandi Hotel following the Proposed De-merger, then such PRC subsidiary owning Langham Xintiandi Hotel following the Proposed De-merger and whose entire equity interest shall be owned by Landton;
"Directors"	the directors of the Company;
"EGM"	the extraordinary general meeting of the Company to be convened at Peacock Room, 1st Floor, Mandarin Oriental Hotel, 5 Connaught Road, Central, Hong Kong on Monday, 31 October 2011 at 3:30 p.m., or any adjournment thereof, the notice of which is set out on pages 80 to 81 of this circular;
"G.E. Hotel"	G.E. Hotel (Xintiandi) Limited, an indirect wholly-owned subsidiary of GE Holdings;
"GE Group"	GE Holdings and its subsidiaries;
"GE Holdings"	Great Eagle Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange (Stock code: 41);
"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;
"Hotel Management Agreement"	the agreement dated 1 April 2010 entered into between Langham Shanghai and Shanghai Li Xing for hotel management service in the operation of Langham Xintiandi Hotel;
"Independent Board Committee"	the committee of the Board comprising Professor Gary C. BIDDLE, Dr. Edgar W. K. CHENG, and Dr. Roger L. McCARTHY, each being an independent non-executive Director, constituted to advise the Independent Shareholders on whether the terms of the Transactions are fair and reasonable;

"Independent Financial Adviser" or "Platinum"	Platinum Securities Company Limited, a licensed corporation under the SFO licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions;
"Independent Shareholders"	Shareholders who have no material interest in the Transactions;
"Initial Consideration Shares"	the Shares to be allotted and issued by the Company to the Sellers as settlement of the Initial Consideration pursuant to the Agreement;
"Initial Consideration"	the sum of HK$2,086 million;
"Landton"	Landton Limited, a company duly incorporated in Hong Kong and an indirect wholly-owned subsidiary of Magic Garden;
"Langham International"	Langham Hotels International Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of GE Holdings;
"Langham Shanghai"	朗廷酒店管理(上海)有限公司 (Langham Hotels (Shanghai) Company Limited*), a company established in the PRC and an indirect wholly-owned subsidiary of GE Holdings;
"Langham Xintiandi Hotel Adjusted NAV"	the amount equal to: (a) NAV (Langham Xintiandi Hotel); plus (b) the aggregate amount of Shareholder Loans attributable to Langham Xintiandi Hotel; minus (c) the aggregate amount of Assumed Liabilities attributable to Langham Xintiandi Hotel, all at the Completion Date and as determined based on the Completion Accounts;
"Langham Xintiandi Hotel Related Agreements"	the Hotel Management Agreement and the Licence Agreement;
"Langham Xintiandi Hotel Related Transactions"	the transactions contemplated under the Langham Xintiandi Hotel Related Agreements;
"Langham Xintiandi Hotel"	the real property or properties located at 4/1 Qiu, Jiefang 108, Huaihai Middle Road, Luwan District (now known as Huangpu District), Shanghai, the PRC;
"Last Accounting Date"	30 June 2011;
"Latest Practicable Date"	3 October 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein;

"License Agreement"	the agreement dated 1 April 2010 entered into between Langham International and Shanghai Li Xing for granting of a non-exclusive and non-transferable licence to use the "Langham" and other marks for the operation of Langham Xintiandi Hotel;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Magic Garden Group"	Magic Garden, Victorious Run, Landton and Shanghai Li Xing;
"Magic Garden"	Magic Garden Investments Limited, a company duly incorporated and registered under the laws of BVI, and which is owned as to 66.7% by SOI and 33.3% by G.E. Hotel at the Latest Practicable Date;
"Metro Land"	京投銀泰股份有限公司 (Metro Land Group*), a company incorporated in the PRC with limited liabilities and is owned by an independent third party;
"MGI Acquisition"	the acquisition of the MGI Shares from SOI by the Purchaser pursuant to the Agreement;
"MGI Shares"	66.7% of the entire issued share capital of Magic Garden;
"Mr. Vincent LO"	Mr. Vincent H. S. LO;
"NAV (Langham Xintiandi Hotel)"	the NAV of the Magic Garden Group x 66.7%;
"NAV (Shui On Plaza)"	the NAV of the Rimmer Group;
"NAV"	in relation to any Target Group, its net tangible asset value (calculated by reference to the values of Shui On Plaza and Langham Xintiandi Hotel as of 31 July 2011 as provided by Savills) at the Completion Date and as set out in the Completion Accounts, save that in the calculation of the NAV of the Magic Garden Group at the Completion Date, the amount of the total fixed assets of the Magic Garden Group as at 31 July 2011 shall be deducted from the net tangible asset value of the Magic Garden Group;
"PRC"	the People's Republic of China, for the purpose of this circular excluding Hong Kong, Macao Special Administrative Region and Taiwan area;

"Property Transfer"	the transfer of Langham Xintiandi Hotel or 107 Hotel, as the case may be, by Shanghai Li Xing to another company for the purpose of splitting the ownership of Langham Xintiandi Hotel and 107 Hotel as agreed among Landton, Trillion Full and Metro Land;
"Proposed De-merger"	having the meaning as ascribed to it in the sub-section entitled "Introduction" under the section entitled "A. THE TRANSACTIONS";
"Pro-Rata Portion"	with respect to the relevant member of the Target Groups, the Purchaser's total proportional shareholding, whether direct or indirect, in the issued and outstanding share capital or equity interest of such member of the Target Groups at Completion;
"Purchaser's Group"	the group of companies comprising the Purchaser, any holding company from time to time of the Purchaser and any subsidiary of the Purchaser (including, following Completion, any member of the Target Groups) or of any such holding company;
"Purchaser"	Rich Bright Holdings Limited, a company duly incorporated and registered under the laws of BVI and an indirect wholly-owned subsidiary of the Company;
"Retained Payables"	the outstanding sums (including applicable interest thereon) owing to the relevant member of the Sellers' Group from the relevant member of the Target Groups at Completion and at the Last Accounting Date, amounted to HK$425 million;
"Retained Receivables"	the outstanding sums (including applicable interest thereon) owing to the relevant member of the Target Groups from the relevant member of the Sellers' Group at Completion and at the Last Accounting Date, amounted to HK$106 million;
"RI Shares"	the entire issued share capital of Rimmer;
"Rimmer Acquisition"	the acquisition of the RI Shares from Cassidy by the Purchaser pursuant to the Agreement;
"Rimmer Group"	Rimmer, Shanghai Rimmer and Xintiandi Plaza Business;
"Rimmer"	Rimmer Investments Limited, a company duly incorporated and registered under the laws of BVI, a direct wholly-owned subsidiary of Cassidy;
"RMB"	Renminbi, the lawful currency of the PRC;
"Savills"	Savills Valuation and Professional Services Limited, an independent property valuer;

"Sellers"	Cassidy and SOI;
"Sellers' Group"	SOCL and its subsidiaries (other than the Purchaser's Group);
"SFC Waiver"	a waiver dated 18 August 2011 from the Director of Corporate Finance Division of the Securities and Futures Commission of Hong Kong pursuant to Note 1 on the dispensation from Rule 26 of the Hong Kong Code on Takeovers and Mergers in respect of the obligation of SOCL and parties acting in concert with it to make a mandatory general offer for all the issued Shares not already owned by it or parties acting in concert with it which would otherwise arise as a result of the Sellers or their nominee(s) subscribing for the Shares under the Agreement;
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Shanghai Li Xing"	Shanghai Li Xing Hotel Company Limited (上海禮興酒店有限公司), a company incorporated in the PRC with limited liabilities;
"Shanghai Rimmer"	Shanghai Jiu Hai Rimmer Properties Co., Ltd. (上海九海利盟房地產有限公司), a company incorporated in the PRC with limited liabilities;
"Shareholder Loans"	the outstanding sums owing to the relevant members of the Sellers' Group from the relevant members of the Target Groups on Completion and amounted to approximately HK$622 million at the Last Accounting Date;
"Shareholders"	holders of the Shares;
"Shares"	the ordinary shares of the Company with nominal value of USD0.0025 each;
"Shui On Plaza Adjusted NAV"	the amount equal to: (a) NAV (Shui On Plaza); plus (b) the aggregate amount of Shareholder Loans attributable to Shui On Plaza; minus (c) the aggregate amount of Assumed Liabilities attributable to Shui On Plaza, all at the Completion Date and as determined based on the Completion Accounts;
"Shui On Plaza"	the real property or properties located at No. 333 Huaihai Middle Road, Luwan District (now known as Huangpu District), Shanghai, the PRC;
"SOCL"	Shui On Company Limited, a company incorporated and registered under the laws of BVI;

"SOI"	Shui On Investment Company Limited, a company incorporated in Hong Kong with limited liabilities, a wholly-owned subsidiary of SOCL;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Target Groups"	the Rimmer Group and the Magic Garden Group;
"Tax"	all forms of taxation, withholdings, deductions, duties, imposts, levies, fees, charges, social security contributions and rates imposed, levied, collected, withheld, assessed or enforced by any local, municipal, regional, urban, governmental, state, federal or other body or authority in the PRC, Hong Kong, Cayman Islands, BVI or elsewhere, in all cases being in the nature of taxation (including any business tax, value-added tax and goods and services tax), and any interest, penalty, surcharge or fine in connection therewith;
"Trading Day"	a day when the Stock Exchange is open for dealing or trading business, provided that, if no closing price is reported in respect of the Shares on the Stock Exchange for one or more consecutive dealing or trading days, such day or days will be disregarded in any relevant calculation and shall be deemed not have existed when ascertaining any period of dealing or trading days;
"Transactions"	the transactions contemplated under the Agreement, including the Rimmer Acquisition, the MGI Acquisition and the assignment of the Shareholder Loans and the Assumed Liabilities;
"Trillion Full"	Trillion Full Investments Limited, a company duly incorporated and registered under the laws of BVI and is owned by an independent third party;
"Victorious Run"	Victorious Run Limited, a company duly incorporated and registered under the laws of BVI, a direct wholly-owned subsidiary of Magic Garden;
"Xintiandi Plaza Business"	上海新天地廣場商業有限公司 (Shanghai Xintiandi Plaza Business Co., Ltd.*), a company incorporated under the laws of PRC and held as to 24% equity interest by Shanghai Rimmer; and
"%"	percent.

For the purpose of illustration only, conversion of RMB into HK$ in this circular is based on the exchange rate of RMB1.00 to HK$1.21. Such conversions should not be construed as representations that any amounts have been, could have been, or may be, exchanged at these or any other rates.

* *for identification purposes only*

SHUI ON LAND 瑞安房地產

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)*
Mr. Freddy C. K. LEE *(Chief Executive Officer)*
Mr. Daniel Y. K. WAN

Non-executive Directors
The Honourable LEUNG Chun Ying
Mr. Frankie Y. L. WONG

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 KY1-9005
Cayman Islands

Place of Business in Hong Kong:
34th Floor, Shui On Centre
6-8 Harbour Road
Wan Chai
Hong Kong

6 October 2011

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ISSUED SHARE CAPITAL IN RIMMER AND MAGIC GARDEN

AND

CONNECTED TRANSACTION IN RELATION TO THE FINANCIAL ASSISTANCE TO MEMBERS OF THE SELLERS' GROUP

AND

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO LANGHAM XINTIANDI HOTEL RELATED TRANSACTIONS

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 9 September 2011 in respect of the Transactions.

The purpose of this circular is to provide you with further information regarding the Transactions and to set out the opinion of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions, and the advice from the Independent Financial Adviser on the duration of the Hotel Management Agreement and the Licence Agreement.

A. THE TRANSACTIONS

Introduction

On 9 September 2011, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Sellers (namely Cassidy and SOI) pursuant to which:

(a) the Sellers shall at Completion sell and the Purchaser (or its nominee) shall purchase the entire legal and beneficial ownership in (i) the RI Shares and (ii) the MGI Shares;

(b) the Sellers shall or shall procure the relevant members of the Sellers' Group to, at Completion assign to the Purchaser (or its nominee) and, the Purchaser (or its nominee) shall accept, all of the Sellers' or the relevant members of the Sellers' Group's rights, title, interest and benefits in and to the Shareholder Loans; and

(c) the Purchaser (or its nominee) shall at Completion assume all of the Assumed Liabilities and all obligations pertaining to such Assumed Liabilities due and owing by the relevant member of the Sellers' Group to the relevant member of the Target Groups as from Completion,

on terms and conditions as set out in the Agreement.

Cassidy legally and beneficially owns the RI Shares and Rimmer owns 80% equity interest in Shanghai Rimmer, which in turn owns the land use rights and the building ownership rights pertaining to Shui On Plaza and owns 24% equity interest in Xintiandi Plaza Business.

SOI legally and beneficially owns the MGI Shares and Magic Garden owns the entire issued share capital of Landton through Victorious Run. Landton, Trillion Full and Metro Land own 50%, 22.5% and 27.5%, respectively, of the equity interest in Shanghai Li Xing, which in turn owns the land use rights and the building ownership rights pertaining to Langham Xintiandi Hotel and 107 Hotel.

It is intended that:

(a) the land use rights and building ownership rights and all liabilities pertaining to Langham Xintiandi Hotel and 107 Hotel shall be segregated by way of the de-merger of Shanghai Li Xing (the "**Proposed De-merger**"). Magic Garden will, through Victorious Run, Landton and Shanghai Li Xing (or a new company), hold all the legal and beneficial interest, and assume all liabilities, in relation to Langham Xintiandi Hotel on completion of the Proposed De-merger; and

(b) upon completion of the Proposed De-merger:

   (i) a company holding the land use rights and building ownership rights and assuming all the liabilities pertaining to 107 Hotel will be owned by Trillion Full and Metro Land as to 45% and 55%, respectively; and

   (ii) Shanghai Li Xing (or a new company) holding the land use rights and building ownership rights and assuming all the liabilities pertaining to Langham Xintiandi Hotel will be wholly-owned by Landton, and this company will not assume any liabilities whatsoever pertaining to 107 Hotel, nor hold the land use rights and building ownership rights of 107 Hotel.

Upon Completion and completion of the Proposed De-merger, the Purchaser (or its nominee) will indirectly own:

(a) 80% equity interest in Shanghai Rimmer, which in turn owns the land use rights and the building ownership rights pertaining to Shui On Plaza and 24% equity interest in Xintiandi Plaza Business; and

(b) 66.7% equity interest in Shanghai Li Xing (or a new company), which in turn owns the land use rights and building ownership rights pertaining to Langham Xintiandi Hotel but not assuming any liabilities whatsoever pertaining to 107 Hotel.

The Agreement

Date	:	9 September 2011
Parties	:	(a) the Purchaser; and (b) the Sellers
Consideration	:	Pursuant to the Agreement, the Initial Consideration is HK$2,086 million which shall be adjusted in accordance with the "Consideration Adjustment" below.
Basis of the Consideration	:	The Initial Consideration of HK$2,086 million was determined following commercial negotiations between the parties on an arm's length basis and it represents an amount equal to: (a) the adjusted net asset value of the Rimmer Group of approximately HK$2,411 million; plus (b) 66.7% of the adjusted net asset value of the Magic Garden Group of approximately HK$383 million; plus (c) the Shareholder Loans of approximately HK$622 million; less (d) the Assumed Liabilities of approximately HK$1,202 million, all as at the Last Accounting Date. It should be noted that the respective appraised market values as at 31 July 2011 of Shui On Plaza (of approximately RMB3,098 million, equivalent to approximately HK$3,748 million) and Langham Xintiandi Hotel (of approximately RMB1,997 million, equivalent to approximately HK$2,416 million) have been taken into account in calculating the adjusted net asset values of Rimmer Group and Magic Garden Group, respectively, as referred to in the preceding paragraph.
Issue of Initial Consideration Shares	:	Subject to adjustment following Completion, the Initial Consideration shall be settled by way of the Purchaser procuring the Company to issue the Initial Consideration Shares to the Sellers in accordance with the Agreement at Completion. The number of Initial Consideration Shares shall be determined according to the following formula: ICS = IC / [BSP x (1 + P)] where: ICS = the number of Initial Consideration Shares; IC = the amount of the Initial Consideration; BSP = the Benchmark Share Price; and P = 12.5%, being the agreed premium to the Benchmark Share Price.

The Benchmark Share Price is the higher of the following:

(a) HK$3.02 per Share, being the higher of: (i) HK$3.02 per Share, being the average of the volume weighted average price per Share (as appearing on or derived from Bloomberg or any successor service) for the consecutive 30 Trading Days immediately preceding and including the date of the Agreement; and (ii) HK$2.78 per Share, being the closing price per Share (as appearing on or derived from Bloomberg or any successor service) at the date of the Agreement; and

(b) HK$2.20 per Share, being the average of the volume weighted average price per Share (as appearing on or derived from Bloomberg or any successor service) for the Trading Days commencing from the Trading Day immediately following the date of the Agreement and ending on the date of the Latest Practicable Date as provided in this circular being not less than 2 business days (in Hong Kong) from the date of this circular or, if that is not a Trading Day, the immediately preceding Trading Day, both days inclusive,

provided that the quotations on the dates on which the Shares have been quoted ex-dividend have been deemed to be the volume weighted average price thereof (as appearing on or derived from Bloomberg or any successor service) plus an amount equal to the amount of that dividend per Share.

Issue price of Initial Consideration Shares is HK$3.40 per share, which is determined at a premium of 12.5% to the Benchmark Share Price of HK$3.02. The issue price of Consideration Shares of HK$3.40 represents:

(a) A premium of 93.2% over the closing price of HK$1.76 per Share as quoted on the Stock Exchange on 3 October 2011, being the Latest Practicable Date;

(b) A premium of 22.3% over the closing price of HK$2.78 per Share as quoted on the Stock Exchange on 9 September 2011, being the date of the Agreement; and

(c) A premium of 20.1% over the average closing price of HK$2.83 per Share for the last five trading days up to and including 9 September 2011.

Based on the issue price of HK$3.40 per share, 613,529,412 Shares will be issued as Initial Consideration Shares to the Sellers.

Assuming that from the period between the Latest Practicable Date and the Completion Date: (i) there is no change in the share capital of the Company; and (ii) Mr. Vincent LO and his associates (including Mr. Vincent LO's family interests, Shui On Properties Limited, SOI and New Rainbow Investments Limited) have not changed their shareholdings in the Company, the shareholdings of Mr. Vincent LO and his associates held in the Company in aggregate will increase from 50.93% to 56.10%.

Consideration Adjustment : After Completion, the Purchaser and the Sellers shall direct an independent accountant appointed by the Purchaser and the Sellers to prepare the Completion Accounts.

In the event that the amount of the Initial Consideration payable by the Purchaser at Completion is less than the Combined Adjusted NAV as set out in the Completion Accounts, the amount equal to the shortfall shall be deemed to be a "**sellers' receivable**", provided that the sellers' receivable shall not exceed HK$85 million in any event and the Purchaser shall procure the Company to issue additional number of Shares (the "**Additional Consideration Shares**") to the Sellers as determined by the following formula within 5 business days after the later of (a) the receipt of the Completion Accounts by the Purchaser; and (b) the date of grant by the Stock Exchange of the listing of and permission to deal in the Additional Consideration Shares, the number of the Additional Consideration Shares shall be determined according to the following formula:

ACS = SR / [BSP x (1 + P)]

where:

ACS = the number of Additional Consideration Shares issuable;
SR = the amount of the sellers' receivable;
BSP = the Benchmark Share Price; and
P = 12.5%, being the agreed premium to the Benchmark Share Price.

In the event that the amount of the Initial Consideration payable by the Purchaser is greater than the Combined Adjusted NAV as set out in the Completion Accounts, the amount equal to the shortfall shall be deemed to be a "**purchaser's receivable**". The Sellers jointly and severally shall pay, within 5 business days after receipt of the Completion Accounts by the Sellers, an amount equal to such purchaser's receivable to the Purchaser.

Pursuant to the Agreement, the total amount of the consideration under the Transactions payable by the Purchaser to the Sellers shall not exceed HK$2,171 million in any event.

Application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the Initial Consideration Shares and the Additional Consideration Shares (if any) issued pursuant to the Agreement. The Initial Consideration Shares and the Additional Consideration Shares (if any), when issued pursuant to the terms of the Agreement, will rank *pari passu* in all respects with the existing Shares then in issue.

Conditions Precedent : Completion of the Rimmer Acquisition and the MGI Acquisition is conditional upon, among other things, the following conditions precedent being satisfied:

(a) the majority of the Independent Shareholders approving the Agreement and the Transactions, including, the issue of the Initial Consideration Shares and any Additional Consideration Shares, if necessary;

(b) the listing of and permission to deal in the Initial Consideration Shares and any Additional Consideration Shares being granted by the Stock Exchange (either unconditionally, or subject to customary conditions) and not being subsequently revoked on or prior to the Completion Date;

(c) the delivery to the Purchaser of the relevant bank consents in relation to the sale and purchase of the RI Shares and the MGI Shares;

(d) the SFC Waiver not being revoked on or prior to Completion;

(e) there having been no material adverse change since the date of the Agreement; and

(f) all approvals, authorizations and consents to which the Transactions are subject having been issued by all relevant authorities, governmental departments, and regulatory or administrative bodies in all applicable jurisdictions (including the PRC, Hong Kong, Cayman Islands and BVI).

Each party to the Agreement undertakes to the other party to use its best endeavours (to the extent it is within its power to do so) to ensure that the conditions precedent are fulfilled to their mutual satisfaction as soon as practicable and in any event by 31 December 2011 (or such other date as may be agreed in writing by the parties to the Agreement).

Completion	:	Completion shall take place on such date as may be agreed in writing between the Purchaser and the Sellers within 10 business days following written notification by the Purchaser to the Sellers of the fulfillment to the satisfaction of the Purchaser (or waiver) of the conditions precedent.
On-going obligations and undertakings - Proposed De-merger	:	Subject to and following Completion, SOI agrees and undertakes to the Purchaser that it will: (a) provide commercially reasonable assistance to the Purchaser to facilitate the completion of the Proposed De-merger as soon as practicable after the Completion Date; (b) subject to certain conditions as set out in the Agreement, indemnify and hold harmless the Purchaser fully on demand for itself and as trustee for the relevant indemnified person against the Pro-rata Portion of all costs, expenses and Taxes (including but not limited to any transfer Tax or capital gain Tax) incurred by any member of the Magic Garden Group, including the De-merged Company, arising directly or indirectly from the Proposed De-merger or the Property Transfer.
On-going obligations and undertakings — Retained Receivables and Retained Payables	:	The Sellers jointly and severally undertake to the Purchaser that they will procure all Retained Receivables be settled in full in RMB and in cash by the relevant members of the Sellers' Group within 12 months from the Completion Date. The Purchaser undertakes to the Sellers that it will procure all Retained Payables be settled in full in RMB and in cash by the relevant members of the Target Groups within 12 months from the Completion Date.
Purchaser's Rights to Terminate	:	The Purchaser may at Completion or any time prior to Completion, terminate the Agreement without liability on its part if: (a) any fact, matter or event comes to the notice of the Purchaser which constitutes a breach by the Sellers of the Agreement or would constitute a breach of any of the warranties given by the Sellers under the Agreement; or (b) there has been any change, event, circumstance or other matter since the date of the Agreement that has, or would reasonably be expected to have a material adverse effect on the ability of the Sellers or any member of the Target Groups to perform its respective obligations under the Agreement (which includes, but not limited to, the assignment of the Shareholder Loan and the assumption of Assumed Liabilities).

Information of Rimmer Group

Shui On Plaza

Shui On Plaza is a commercial and office premises located at No. 333 Huaihai Middle Road, Luwan District (now known as Huangpu District), Shanghai, the PRC. The construction of Shui On Plaza was completed in 1996. Shui On Plaza has a total gross floor area of approximately 65,815 square metres.

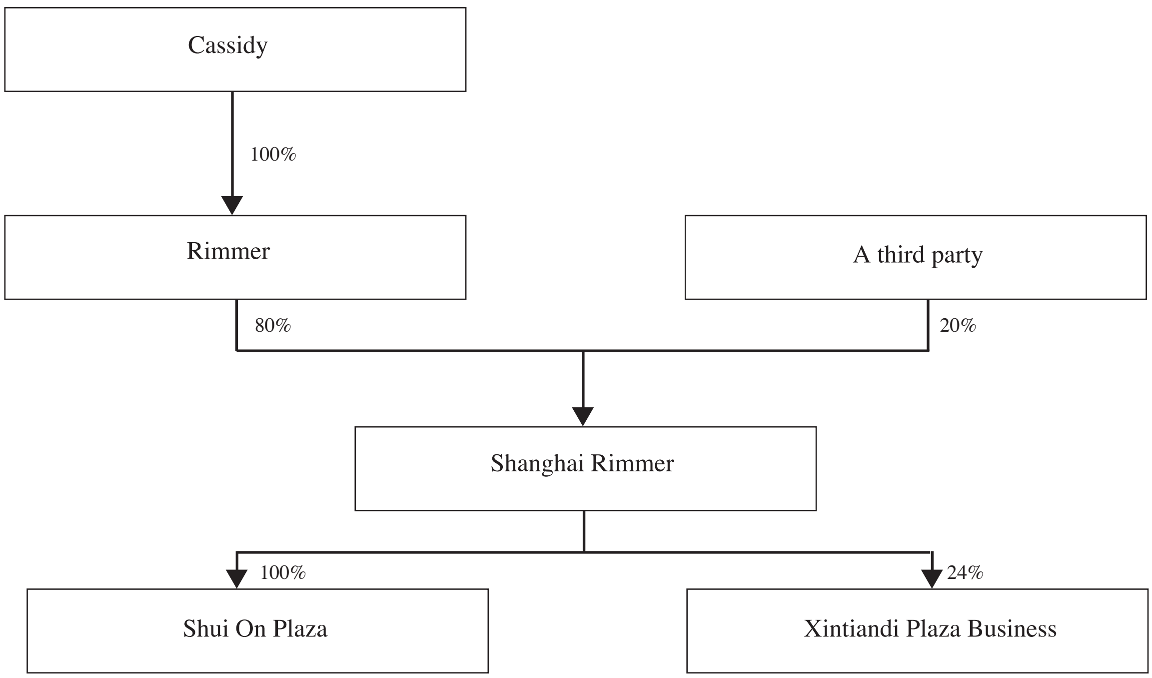
Xintiandi Plaza Business

Xintiandi Plaza Business is a company incorporated in the PRC whose primary business is sales of, *inter alias*, general merchandise, art work, clothing, electronic products, construction materials, chemical raw materials, computer and accessories, machinery and furniture, and exhibition.

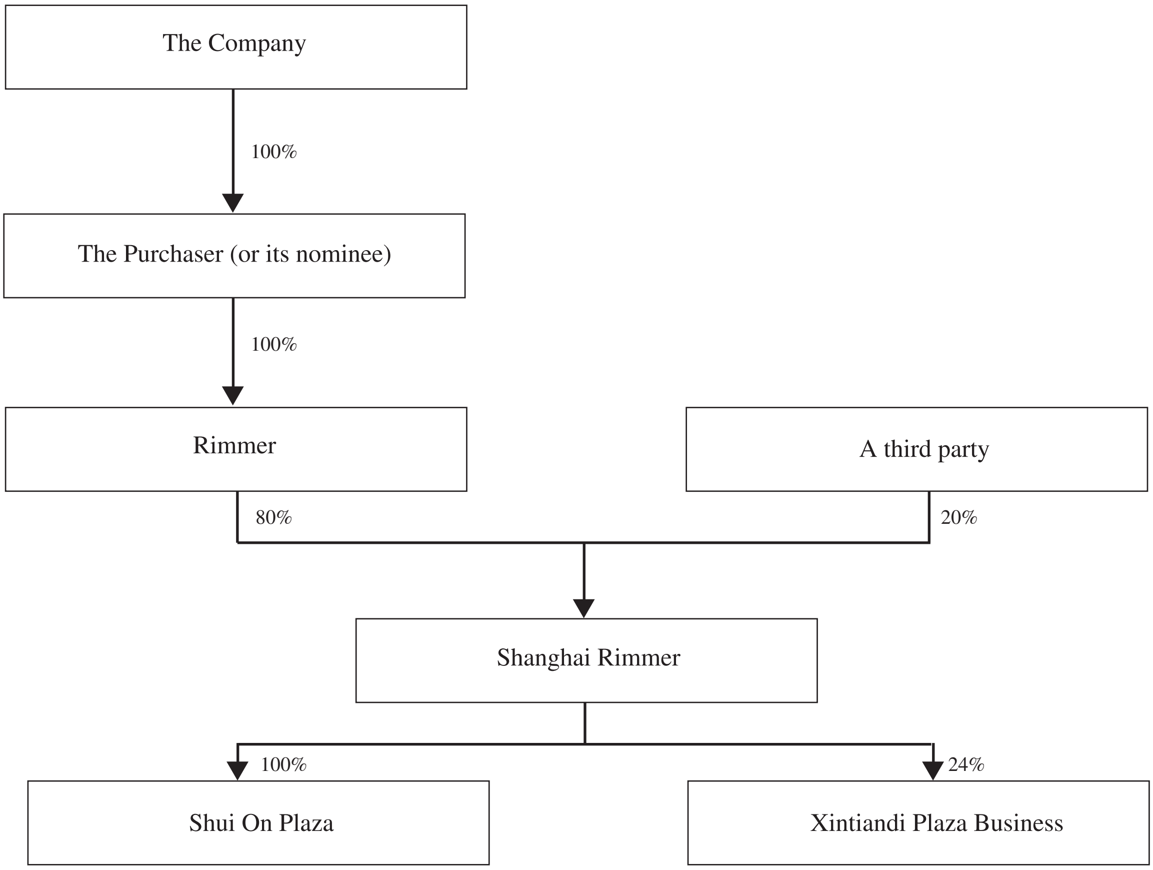
Rimmer

Rimmer is an investment holding company incorporated in BVI and a wholly-owned subsidiary of Cassidy. At the Latest Practicable Date, Rimmer owns 80% equity interests in Shanghai Rimmer, which in turn owns the land use rights and the building ownership rights pertaining to Shui On Plaza and 24% equity interest in Xintiandi Plaza Business.

At the Latest Practicable Date, the existing shareholding structure of Rimmer is set out as follows:



Upon completion of the Rimmer Acquisition, the shareholding structure of Rimmer will be as follows:



The unaudited net asset value of the Rimmer Group at the Last Accounting Date was approximately HK$2,390 million. After taking into account the property valuation of Shui On Plaza provided by Savills as at 31 July 2011 of approximately RMB3,098 million (equivalent to approximately HK$3,748 million), the net asset value of the Rimmer Group is adjusted to approximately HK$2,411 million as at the Last Accounting Date.

The following table sets out the net profit of the Rimmer Group for the years ended 31 December 2009 and 2010 extracted from the unaudited management accounts of the Rimmer Group prepared under the Hong Kong Financial Reporting Standards:

	For the years ended 31 December	
	2009	**2010**
	(unaudited)	*(unaudited)*
	HK$ million	*HK$ million*
Profit before taxation for the year	182	418
Profit attributable to the owner of the Rimmer Group for the year	143	254

Information on Langham Xintiandi Hotel and Magic Garden

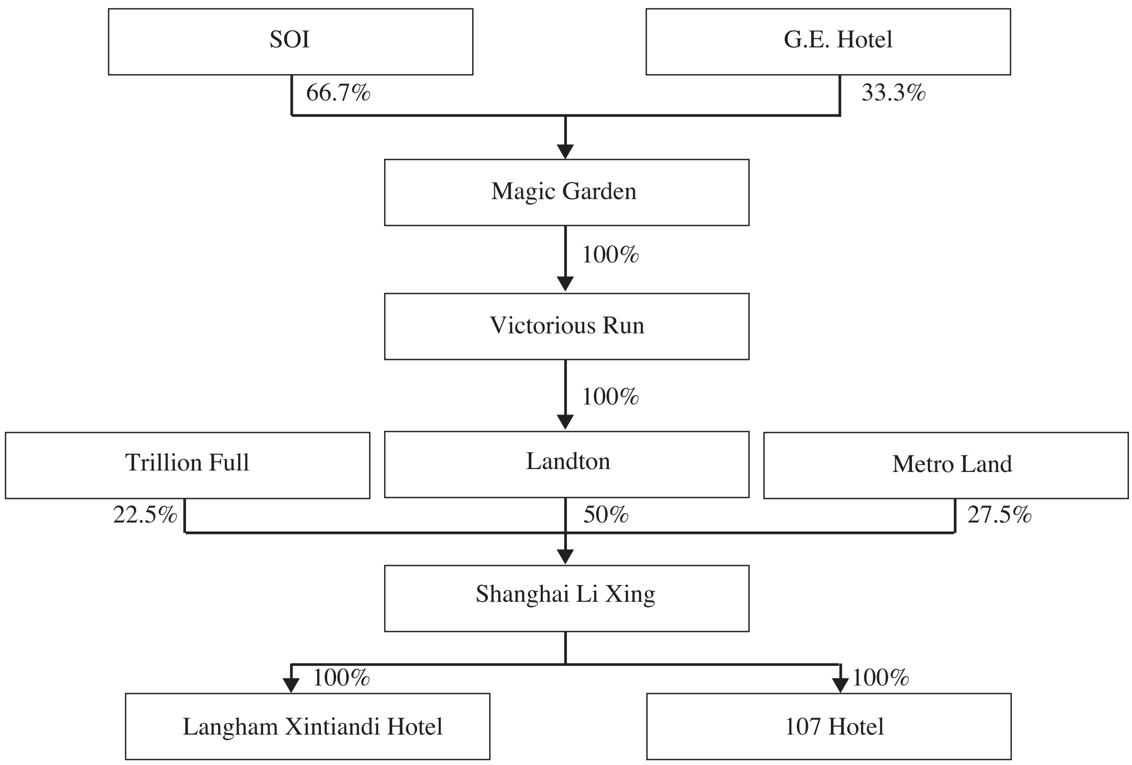
Langham Xintiandi Hotel

Langham Xintiandi Hotel is a hotel located at 4/1 Qiu, Jiefang 108, Huaihai Middle Road, Luwan District (now known as Huangpu District), and is next to 上海新天地 (Shanghai Xintiandi), which is owned by the Group and is a renowned destination for leisure and entertainment as well as commerce in Shanghai. It is a luxury hotel comprising 26 storeys (including Mezzanine floors) and a five-level basement with a total gross floor area of approximately 53,795 square metres, providing 357 guest rooms and various hotel and entertainment facilities. Langham Xintiandi Hotel commenced a soft opening in October 2010 and the grand opening is expected to take place in March 2012.

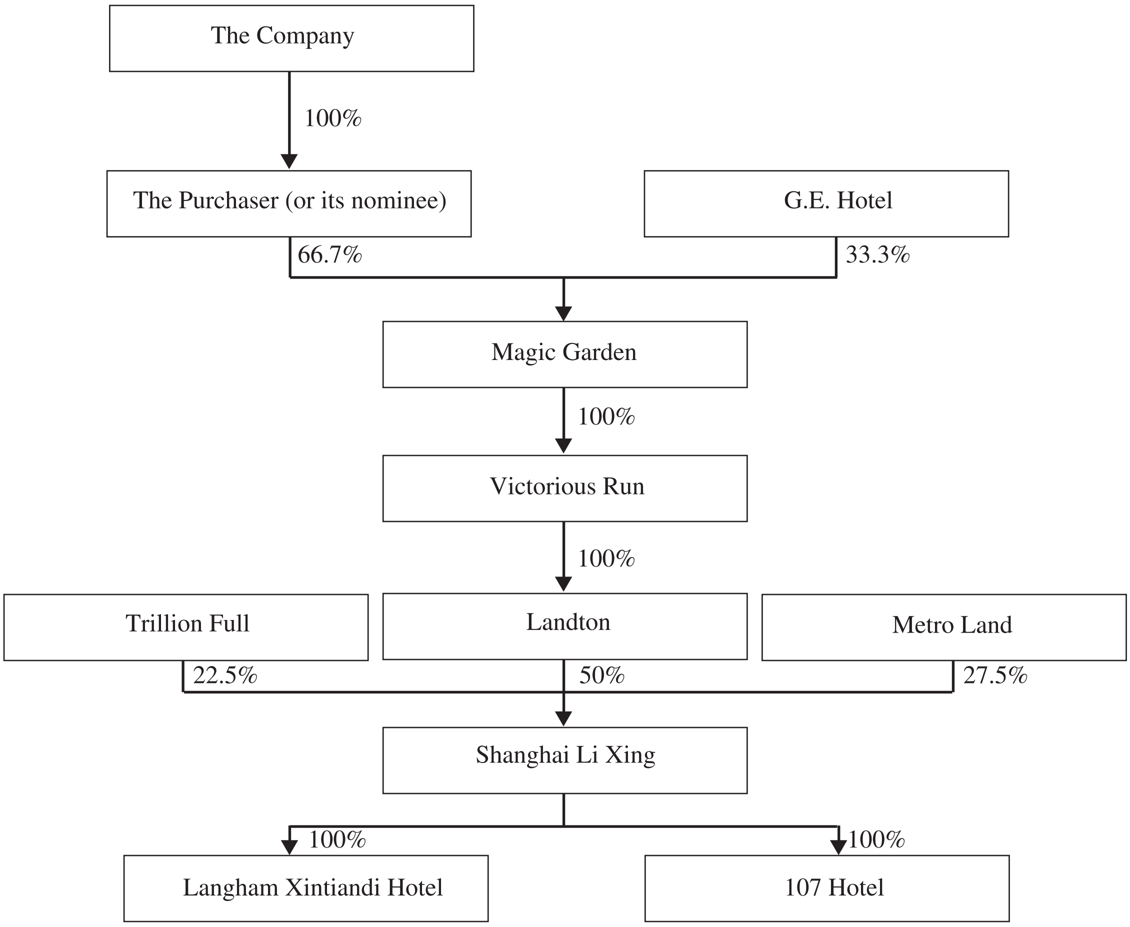
Magic Garden

Magic Garden is an investment holding company incorporated in BVI and held as to 66.7% by SOI and 33.3% by G.E. Hotel. At the Latest Practicable Date, Magic Garden indirectly owns 50% equity interests in Shanghai Li Xing, which in turn owns the land use rights and the building ownership rights pertaining to Langham Xintiandi Hotel and 107 Hotel.

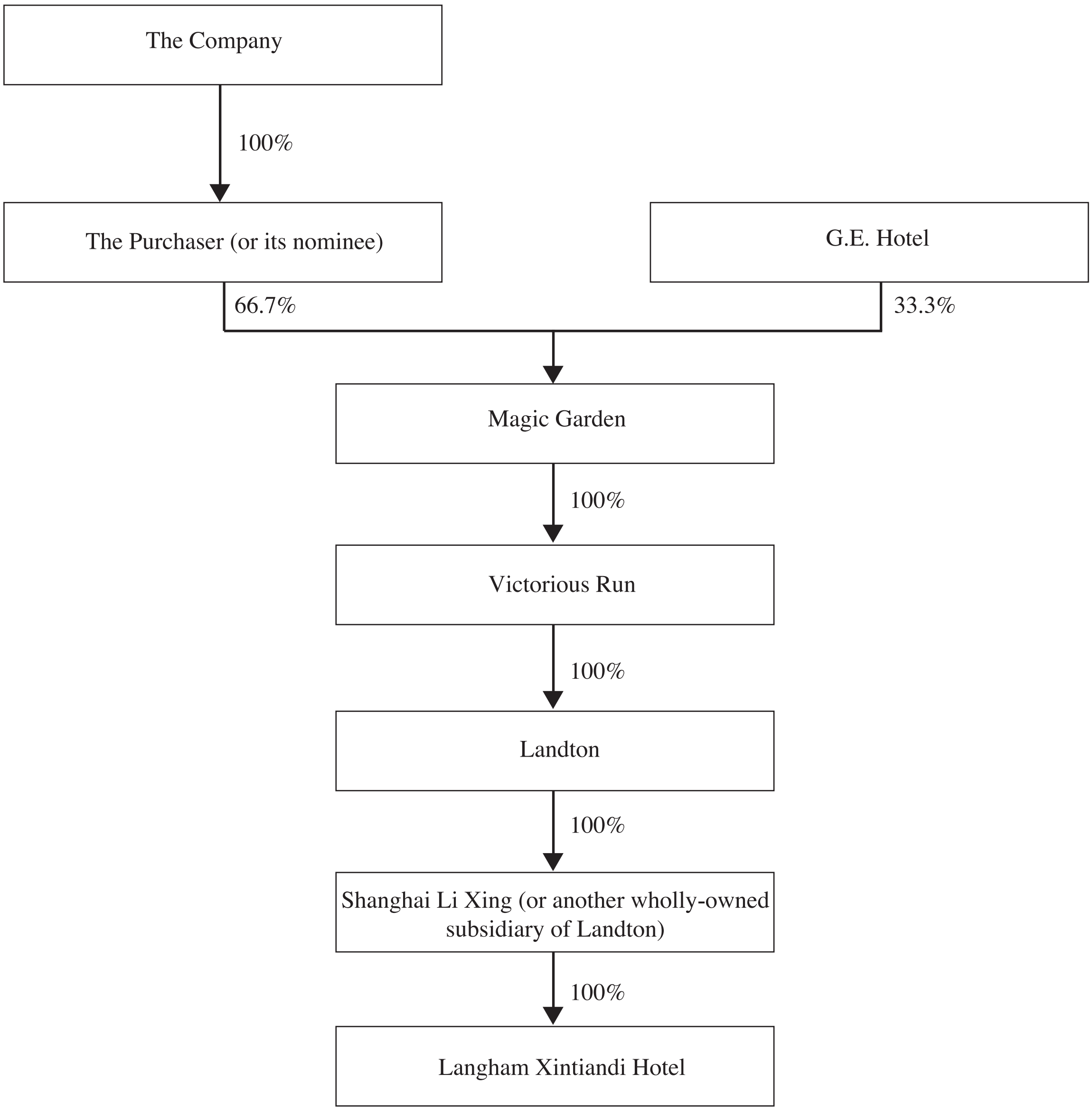
At the Latest Practicable Date, the existing shareholding structure of Magic Garden is set out as follows:



Upon completion of the MGI Acquisition but before completion of the Proposed De-merger, the shareholding structure of Magic Garden will be as follows:



Upon completion of the MGI Acquisition and the Proposed De-merger, the shareholding structure of Magic Garden will be as follows:



The unaudited net liabilities of the Magic Garden Group as attributable to Langham Xintiandi Hotel at the Last Accounting Date were approximately HK$13 million. After taking into account (1) the property valuation of Langham Xintiandi Hotel provided by Savills as at 31 July 2011 of approximately RMB1,997 million (equivalent to approximately HK$2,416 million), (2) the deduction of the amount of goodwill and intangible assets, and (3) the deduction of the amount of fixed assets, the net asset value of the Magic Garden Group is adjusted to approximately HK$383 million as at the Last Accounting Date.

The following table sets out the net (loss)/profit of Magic Garden as attributable to Langham Xintiandi Hotel for the years ended 31 December 2009 and 2010 extracted from unaudited management accounts of the Magic Garden Group prepared under the Hong Kong Financial Reporting Standards:

	For the years ended 31 December	
	2009	**2010**
	(unaudited)	*(unaudited)*
	HK$ million	*HK$ million*
(Loss)/profit before taxation for the year	(113)	11
(Loss)/profit attributable to SOI as attributable to Langham Xintiandi Hotel for the year	(85)	20

Reasons for the Transactions and expected benefits to the Company

Both Shui On Plaza and Langham Xintiandi Hotel are located in the heart of downtown Shanghai, Luwan District (now known as Huangpu District), which is one of the city's most important business districts as well as one of the most renowned shopping destinations in Shanghai. The Transactions will complement the Company's strong established position in the PRC real estate market with a stronger presence in Shanghai and position the Company to capture the growth potential from the main financial and business hub of the PRC.

The Transactions are expected to make a positive contribution to the income stream of the Company. Shui On Plaza has a high quality tenant mix, which provides a higher degree of stability with respect to the tenant base and income stream. For the year ended 31 December 2009, Shui On Plaza recorded a rental income of approximately HK$152 million, with an average occupancy rate of 100% and 93.2% for retail and office spaces respectively. For the year ended 31 December 2010, it recorded a rental income of approximately HK$178 million, with an average occupancy rate of 100% and 99.6% for retail and office spaces respectively.

Langham Xintiandi Hotel is a newly completed luxury hotel. Since its soft opening in October 2010, Langham Xintiandi Hotel had an average occupancy rate of 38.1% in the first quarter of 2011, which increased to 54.6% in the second quarter of 2011. Driven by China's strong economic growth, the luxury hotel sector has demonstrated positive development trends and growth potential. Given the prospects of the sector, the acquisition represents an attractive opportunity to the Company to own an interest in a luxury hotel in Shanghai, a prime business and tourist city in the PRC. It is consistent with the Company's development strategies and business plans which diversify its income stream into the hotel industry, as demonstrated by the recently announced strategic alliance between the Company and Langham Hospitality Group Limited.

Form of Consideration

Consideration under the Transactions is to be satisfied by way of the allotment and issue by the Company of the Initial Consideration Shares (and Additional Consideration Shares, if applicable) so as to maintain the Group's flexibility in financing and to enhance its financial position by (a) reserving cash for the Group's development of existing projects and continuing exploration of new investment opportunities, and (b) avoiding increase in interest expenses arising from additional debt financing.

As the consideration under the Transactions is to be satisfied by the issue of the Initial Consideration Shares and the Additional Consideration Shares (if any), shareholders' equity base of the Company will be enlarged by 6.8% from approximately RMB25,308 million to approximately RMB27,032 million, based on the Company's interim results as of 30 June 2011 and the amount of the Initial Consideration. The issue of these Shares will strengthen the capital base of the Company and reflects the controlling shareholder's continuing support to the growth of the Company.

Determination of Issue Price of Consideration Shares

Although the issue price of the Initial Consideration Shares (and the Additional Consideration, if any) of HK$3.40 represents a discount of approximately 42.2% to the net asset value of the Company as at 30 June 2011, which is in the amount of approximately RMB4.86 per Share (equivalent to approximately HK$5.88 per Share), the Directors consider that the issue price is fair and reasonable on the basis that:

(a) the issue price of the Initial Consideration Shares (and the Additional Consideration Shares, if any) is determined with reference to the Benchmark Share Price representing the highest Share price calculated on three different bases, namely (i) the closing price per Share at the date of the Agreement, (ii) the average of the volume weighted average price per Share for the consecutive 30 Trading Days immediately preceding and including the date of the Agreement, and (iii) the average of the volume weighted average price per Share for the Trading Days commencing from the Trading Day immediately following the date of the Agreement and ending on the date of the Latest Practicable Date as provided in this circular; and

(b) a premium of 12.5% is being offered on top of the Benchmark Share Price to minimize the dilution to public shareholders. The issue price of the Initial Consideration Shares (and the Additional Consideration Shares, if any) represents a significant premium of approximately 93.2% to the closing price of the Company's shares as of the Latest Practicable Date for the purpose of this circular.

The Directors (including the independent Non-Executive Directors but excluding (1) Mr. Vincent LO who has a material interest in the Transactions given his interest in the Sellers; and (2) Mr. Frankie Y. L. WONG who is a director of SOI, Rimmer, Shanghai Rimmer and Xintiandi Plaza Business and would abstain from voting at the Board regarding the matters relating to the Transactions) believe that the terms of the Transactions are on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Implication under the Listing Rules

Each of Shui On Properties Limited and SOI is a wholly-owned subsidiary of SOCL. New Rainbow Investments Limited is a wholly-owned subsidiary of SOCAM Development Limited (formerly known as Shui On Construction and Materials Limited), which in turn is held as to approximately 48.2% by SOCL at the Latest Practicable Date. Therefore, Shui On Properties Limited, SOI and New Rainbow Investments Limited, a closely allied group of Shareholders, holds 1,411,712,352 Shares, 1,717,614,889 Shares and 137,469,656 Shares respectively and in aggregate, they hold approximately 62.68% of the entire issued share capital of the Company at the Latest Practicable Date as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO. As SOCL is owned by a unit trust and the units of such trust are the property of a discretionary trust of which Mr. Vincent LO is a discretionary beneficiary, Mr. Vincent LO is also deemed to be interested in the shares of SOCL and thus, will be regarded as having a material interest in the Transactions.

SOI, being a substantial Shareholder of the Company, is a connected person of the Company for the purpose of the Listing Rules. Cassidy, being a subsidiary of SOI, is also a connected person of the Company for the purpose of the Listing Rules. Given the Sellers are connected persons of the Company, the Transactions constitute connected transactions of the Company as defined under Rule 14A.13 of the Listing Rules. As the relevant percentage ratios set out in the Listing Rules in respect of the Transactions are more than 5% but less than 25%, the Transactions also constitute discloseable transactions of the Company. Therefore, the Transactions are subject to reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

The EGM will be held for the Independent Shareholders to consider and approve, among others, the Agreement and the Transactions pursuant to the Listing Rules and the specific mandate for the issue of the Initial Consideration Shares and Additional Consideration Shares (if any). Any Shareholders with a material interest in the Transactions will abstain from voting on the resolution approving the Transactions. To the best of the knowledge of the Directors, except for Shui On Properties Limited, SOI and New Rainbow Investments Limited, no Shareholder will be required to abstain from voting on the resolution to approve the Transactions at the EGM.

B. FINANCIAL ASSISTANCE

Following the Completion, the Retained Receivables would be regarded as a financial assistance provided by the Group to members of the Sellers' Group, which are connected persons of the Company, and therefore a connected transaction pursuant to Chapter 14A of the Listing Rules.

Following the Completion, the Retained Payables would be regarded as a financial assistance given by members of the Sellers' Group, which are connected persons of the Company, to the Group. However, given such financial assistance is provided by the Sellers' Group for the benefit of the Group on normal commercial terms (or better to the Group) and no security over the assets of the Group is granted in respect of such financial assistance, such transaction is exempt from reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules.

Pursuant to the terms of the Agreement, the Retained Receivables and the Retained Payables shall be settled in full in RMB and in cash within 12 months from the Completion Date.

To the best of the Directors' knowledge, information and belief, the Directors believe that the Retained Receivables were incurred in the ordinary and usual course of the Target Groups' business and on normal commercial terms, and, being part of the Transactions, were fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole.

The Directors believe that the maximum amount of the Retained Receivables for each of the financial year(s) until its full settlement in cash (which under the terms of the Agreement is to take place within 12 months from the Completion Date) will not exceed HK$108 million.

The views of the Directors relating to the Retained Receivables refer to the views of all Directors, including the independent Non-Executive Directors but excluding Mr. Vincent LO and Mr. Frankie Y. L. WONG as described above.

Reasons for the Financial Assistance

The Retained Receivables represent entrustment loan and current account owed by the PRC subsidiary of the Sellers' Group to Shanghai Rimmer at the date of the Agreement. These balances will not be settled prior to Completion as time is required for the Sellers' Group to remit the funds required into the PRC for settlement.

Implication under the Listing Rules

SOI, being a substantial Shareholder of the Company, is a connected person of the Company for the purpose of the Listing Rules and as a result, members of the Sellers' Group are also connected persons of the Company for the purpose of the Listing Rules. The Retained Receivables constitute a connected transaction of the Company under the Listing Rules. As the relevant percentage ratios set out in the Listing Rules in respect of such transaction are more than 0.1% but less than 5%, such transaction falls within Rule 14A.32 of the Listing Rules and is subject to reporting and announcement requirements but exempt from Independent Shareholders' approval requirement under the Listing Rules.

C. CONTINUING CONNECTED TRANSACTIONS

Langham Xintiandi Hotel Related Transactions

On 1 April 2010 and before the date of the Agreement, Shanghai Li Xing entered into the following transactions with Langham Shanghai and Langham International:

(a) the Hotel Management Agreement with Langham Shanghai, whereby Langham Shanghai, an indirect wholly-owned subsidiary of GE Holdings, shall have the exclusive right to manage and operate Langham Xintiandi Hotel for a term of 20 years from the opening of Langham Xintiandi Hotel renewable by Langham Shanghai for multiple 10-year periods subject to the terms therein; and

(b) the Licence Agreement with Langham International, whereby Langham International, an indirect wholly-owned subsidiary of GE Holdings, has agreed to grant to Shanghai Li Xing a non-exclusive and non-transferable licence to use the "Langham" and other marks for the operation of Langham Xintiandi Hotel during the term of the Hotel Management Agreement.

The key terms of each of the Langham Xintiandi Hotel Related Agreements are summarized as follows:

Hotel Management Agreement

Date	:	1 April 2010
Parties	:	(a) Langham Shanghai, as the hotel manager; and (b) Shanghai Li Xing.
Subject	:	Shanghai Li Xing has appointed Langham Shanghai as hotel manager to provide hotel management service in the operation of Langham Xintiandi Hotel.
Term	:	20 years from the opening of the hotel, and renewable by Langham Shanghai for multiple 10-year periods provided that the GE Group shall remain interested in not less than one-third interest in Magic Garden. If the GE Group holds less than one-third interest in Magic Garden and Langham Shanghai fails to achieve 70% of the budgeted gross operating profit for three (3) consecutive years after the third anniversary of the opening of the hotel, Shanghai Li Xing may terminate the Hotel Management Agreement unless Langham Shanghai shall pay to Shanghai Li Xing the shortfall between the budgeted and the actual gross operating profit.
Fee and other payments	:	A base fee of 0.5% of the total revenue and an incentive fee at 6.75% of the gross operating profit and a payment to Langham Shanghai for global marketing and advertising services at 2% of the total room revenue of Langham Xintiandi Hotel payable on a monthly basis.

Licence Agreement

Date	:	1 April 2010
Parties	:	(a) Langham International, as the licensor; and (b) Shanghai Li Xing, as the licensee.
Subject	:	Langham International has granted a non-exclusive and non-transferable licence to Shanghai Li Xing to use the "Langham" and other marks for the operation of Langham Xintiandi Hotel.

Term	:	Until the termination or expiration of the Hotel Management Agreement.
Fee	:	1% of the total revenue of Langham Xintiandi Hotel payable on a monthly basis.

Reasons for and benefits of the Langham Xintiandi Hotel Related Transactions

The Langham Xintiandi Hotel Related Agreements are related to the daily operations of Langham Xintiandi Hotel and have been entered into prior to the proposed acquisitions. As Shanghai Li Xing will become a subsidiary of the Company after Completion, the Directors believe that it is important to continue the Langham Xintiandi Hotel Related Transactions in order to maintain and continue the stability of the daily operations of Langham Xintiandi Hotel and also to ensure a smooth integration between the Group and the Target Groups after Completion and therefore it is in the best interest of the Company and Shanghai Li Xing to continue such transactions after Completion.

The continuation of the Langham Xintiandi Hotel Related Transactions is consistent with the Company's recent formation of a joint venture with Langham Hospitality Group Limited, which is knowledgeable and experienced in the development, operation and management of hotels and related complementary services.

Annual fees payable under the Hotel Management Agreement and the Licence Agreement

Under Rule 14A.35(2) of the Listing Rules, the Company is required to set an annual cap to the amount payable under the Hotel Management Agreement and the Licence Agreement for three financial years.

Langham Xintiandi Hotel commenced its soft opening in October 2010. The aggregate annual fees payable to GE Holdings under the Hotel Management Agreement and the Licence Agreement are approximately HK$0.1 million for the period from its soft opening in October 2010 to 31 December 2010 and approximately HK$0.7 million for the six months ended 30 June 2011. The Directors, however, believe that as Langham Xintiandi Hotel just had its soft opening, the said historical figures are not representative and it is impracticable to produce a fair estimate of the Annual Caps based on such limited historical operational data.

The total amount of annual fees payable by Shanghai Li Xing to Langham Shanghai under the Hotel Management Agreement and the Licence Agreement are determined with reference to the total revenue, total room revenue and gross operating profit of Langham Xintiandi Hotel. Generally a higher aggregate annual fee would be payable to Langham Shanghai under the Hotel Management Agreement and the Licence Agreement if and when the revenue and profit of Langham Xintiandi Hotel become higher, as its business develops. Any attempt to determine the Annual Caps with reference to the limited historical operational data of Langham Xintiandi Hotel would run the risk of under-estimating the growth potential of the hotel, which would not be beneficial to the Company and its shareholders as a whole.

Reference is made to the announcement made by GE Holdings on 1 April 2010 when, among others, the Hotel Management Agreement and Licence Agreement were entered into by Shanghai Li Xing with Langham Shanghai and Langham International respectively. The directors of GE Holdings set the annual caps in relation to the aggregate annual fees receivable by Langham Shanghai under the Hotel Management Agreement and Licensing Agreement at HK$98,959,000 for each of the financial years ending 31 December 2011, 2012 and 2013, with a view to maximizing the earning potentials on the part of Langham Shanghai under such agreements. By the same token, given generally any growth in the annual fees payable to Langham Shanghai under the Hotel Management Agreement and the Licence Agreement would be linked to the growth in the revenue and profit of Langham Xintiandi Hotel, the Directors consider that it is appropriate for the Annual Caps in relation to the Langham Xintiandi Hotel Related Transactions to be set also at HK$98,959,000 for each of the financial years ending 31 December 2011, 2012 and 2013.

The Directors further believe that the terms of the Hotel Management Agreement and the Licence Agreement are on normal commercial terms, and together with the Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned, and that, as part of the Transactions, the Langham Xintiandi Hotel Related Transactions are in the ordinary and usual course of the Group's business and in the interest of the Company and the Shareholders as a whole.

The views of the Directors relating to the Langham Xintiandi Hotel Related Transactions above refer to the views of all Directors, including the independent Non-Executive Directors but excluding Mr. Vincent LO as described below.

Duration of the Hotel Management Agreement and the Licence Agreement

As the term for each of the Hotel Management Agreement and the Licence Agreement exceeds three years, the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether it is normal business practice for contracts of this type to be of such duration. Please refer to the section headed "3. Langham Xintiandi Hotel Related Transactions" under the letter of advice from the Independent Financial Adviser set out on pages 59 to 61 of this circular.

The view from the Independent Financial Adviser on the duration of the Hotel Management Agreement and the Licence Agreement

The Independent Financial Adviser has reviewed, among other things, the Hotel Management Agreement and the Licence Agreement. Furthermore, the Independent Financial Adviser has reviewed other similar transactions in relation to the hotel management contracts of the companies listed on the Stock Exchange with duration of more than three years. A summary of the review by the Independent Financial Adviser of the abovementioned documents is illustrated in the table below:

	Name of documents	**Duration of the agreements**
1.	The Hotel Management Agreement	20 years, may extend for multiple 10-year periods
2.	The License Agreement	Until the termination or expiration of the Hotel Management Agreement.
3.	Other similar transactions of hotel management contracts	15 to 30 years, may extend for another 5 to 20 successive years

As shown in item 3 of the above table, the duration of these hotel management contracts of the companies listed on the Stock Exchange exceeds the three-year period as prescribed in Rule 14A.35(1) of the Listing Rules and ranges from fifteen to thirty years, with renewal options ranging from a further period of five to twenty years which is generally in line with the duration of the Hotel Management Agreement and the Licence Agreement.

Following such review, the Independent Financial Adviser has opined, inter alia, that owing to the unique nature of hotel industry, hotel management contracts are commonly long term transactions. A contract of three-year duration is not practical and commercially sensible because from the perspective of the hotel managers, they usually incur substantial initial outlay for the marketing and branding of new hotels and it may take several years to establish systems which fit in particular requirements of the hotels to achieve the desired results. On the other hand, from the perspective of the hotel owners, different hotel managers may have different requirements, branding and marketing strategies, and standards for the hotels under management. Replacing the hotel managers will require the hotel owners to re-decorate the establishment to the standards and specifications of the new hotel managers. This is an expensive and time consuming exercise and may require a particular establishment to be closed for an extensive period of time for refitting. It is therefore not in the commercial interest of the hotel owners either to change their hotel managers in a frequent manner or to have the hotel managers enter into short term hotel management contracts with the hotel owners.

In addition, having a longer term of more than three years for the Langham Xintiandi Hotel Related Agreements will allow the Group to formulate the long term strategic plan of Xintiandi development, which aims to realize synergy effects among the hotel business in the PRC.

In light of the above, the Independent Financial Adviser is of the opinion that the duration of the Hotel Management Agreement and the Licence Agreement, being in excess of three years, is justifiable and it is normal business practice for contracts of this type to be of such duration.

Implication under the Listing Rules

At the Latest Practicable Date, (i) Mr. Vincent LO and his spouse and the trustee of a discretionary trust of which he is a discretionary object are directly or indirectly interested in

3,544,313,038 Shares, representing approximately 68% of the entire issued share capital of the Company as recorded in the registers required to be kept by the Company pursuant to sections 352 and 336 of the SFO; and (ii) Mr. Vincent LO has a deemed interest in approximately 33.06% of the issued share capital of GE Holdings under Part XV of the SFO by virtue of his interest in a discretionary trust of which Mr. Vincent LO is a beneficiary. Therefore, GE Holdings, and its subsidiaries (including Langham Shanghai and Langham International) will be regarded as connected persons of the Company under Chapter 14A of the Listing Rules by virtue of their relationship with Mr. Vincent LO under the Listing Rules.

Shanghai Li Xing has been conducting the Langham Xintiandi Hotel Related Transactions with Langham Shanghai and Langham International since April 2010. The Langham Xintiandi Hotel Related Transactions will continue to be conducted on a regular and continuing basis and in the ordinary and usual course of business of the Group after Completion. Immediately after Completion, the Langham Xintiandi Hotel Related Transactions will constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As the relevant percentage ratios set out in the Listing Rules in respect of the Annual Caps for the Langham Xintiandi Hotel Related Transactions are more than 0.1% but less than 5% on an annual basis, the Langham Xintiandi Hotel Related Transactions fall within Rule 14A.34 of the Listing Rules and are subject to announcement, annual review and reporting requirements but exempt from Independent Shareholders' approval requirement under the Listing Rules.

As disclosed above in relation to Mr. Vincent LO's interests in GE Holdings, he may be regarded as having a material interest in the Langham Xintiandi Hotel Related Transactions and therefore has abstained from voting at the meeting of the Board convened for the purpose of approving, among others, the Langham Xintiandi Hotel Related Transactions. Save as disclosed above, none of the Directors has a material interest in the Langham Xintiandi Hotel Related Transactions.

D. GENERAL INFORMATION ON THE GROUP, THE SELLERS, THE SELLERS' GROUP, LANGHAM SHANGHAI AND LANGHAM INTERNATIONAL

The Group

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

The Sellers and the Sellers' Group

Both SOI and Cassidy primarily engage in investment holding. The Sellers' Group primarily engages in investment holding.

Langham Shanghai and Langham International

Langham Shanghai primarily engages in hotel management and hotel management consultancy and related services. Langham International primary engages in hotel management services and investment holding.

E. RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the Transactions were entered into in the ordinary and usual course of business of the Company. The terms of the Transactions were agreed on normal commercial terms and are fair and reasonable and in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) would recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

F. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 31 to 32 of this circular, and the letter of advice from the Independent Financial Adviser set out on pages 33 to 61 of this circular.

Please also note that the register of members of the Company will be closed from 21 October 2011 to 31 October 2011 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the EGM, 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 20 October 2011.

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

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)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ISSUED SHARE CAPITAL IN RIMMER AND MAGIC GARDEN

6 October 2011

To the Independent Shareholders

Dear Sir or Madam,

We refer to the circular (the "**Circular**") dated 6 October 2011 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 Transactions were entered into in the ordinary and usual course of business of the Company and the terms of the Transactions were agreed on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions.

We wish to draw your attention to the letter from the Board, as set out on pages 8 to 30 of the Circular and the text of a letter of advice from the Independent Financial Adviser, as set out on pages 33 to 61 of the Circular, both of which provide details of the Transactions.

Having considered the Transactions, the advice of the Independent Financial Adviser and the relevant information contained in the letter from the Board, we are of the opinion that the Transactions were entered into in the ordinary and usual course of business of the Company, the terms of the Transactions were agreed on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and that the entering into of the Transactions 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 ordinary resolution to be proposed at the EGM.

Yours faithfully,
Independent Board Committee of
Shui On Land Limited

Professor Gary C. BIDDLE	**Dr. Edgar W. K. CHENG**	**Dr. Roger L. McCARTHY**
Independent Non-executive Director	*Independent Non-executive Director*	*Independent Non-executive Director*

* *for identification purposes only*

The following is the text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this circular.

PLATINUM Securities Company Limited

22/F Standard Chartered Bank Building
4 Des Voeux Road Central
Hong Kong
Telephone (852) 2841 7000
Facsimile (852) 2522 2700
Website www.platinum-asia.com

6 October 2011

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ISSUED SHARE CAPITAL IN RIMMER AND MAGIC GARDERN

AND

CONTINUING CONNECTED TRANSACTION IN RELATION TO LANGHAM XINTIANDI HOTEL RELATED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the connected transaction contemplated under the Agreement (the "Transaction"). Details of the Transaction are contained in the letter from the Board as set out in the circular of the Company dated 6 October 2011 (the "Circular"). Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders as to whether the Transaction is on normal commercial terms, was entered into the Group's ordinary and usual course of business, fair and reasonable, and in the interests of the Company and the Shareholders as a whole; and to advise the Independent Board Committee and the Independent Shareholders on whether the Independent Shareholders should vote in favor of the Transaction at the EGM.

In addition, since the term of the Langham Xintiandi Hotel Related Agreements is more than three years, we are also required under Rule 14A.35(1) of the Listing Rules to opine on whether the Langham Xintiandi Hotel Related Agreements, being in excess of three years, is justifiable and to confirm that it is normal business practice for contracts of this type to be of such duration.

In formulating our opinion, we have relied on the information and facts supplied to us by the Directors and/or management of the Company. We have reviewed, among other things: i) the announcement of the Company dated 9 September 2011; ii) the independent valuation report dated 6 October 2011 (the "Valuation Report") prepared by Savills (the "Independent Valuer"); iii) the unaudited management accounts of the Rimmer Group and the Magic Garden Group for the two financial years ended 31 December 2010; iv) the annual reports and audited consolidated financial statements of the Company for the two financial years ended 31 December 2010; v) the unaudited interim results of the Company for the six months ended 30 June 2011; and vi) the Langham Xintiandi Hotel Related Agreements.

We have assumed that all information, facts, opinions and representations contained in the Circular are true, complete and accurate in all material respects and we have relied on the same. The Directors have confirmed that they take full responsibility for the contents of the Circular and have made all reasonable inquiries that no material facts have been omitted from the information supplied to us.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy or completeness of the information of all facts as set out in the Circular and of the information and representations provided to us by the Directors and/or management of the Company. Furthermore, we have no reason to suspect the reasonableness of the opinions and representations expressed by the Directors and/or management of the Company which have been provided to us. In line with normal practice, we have not, however, conducted a verification process of the information supplied to us, nor have we conducted any independent in-depth investigation into the business and affairs of the Company. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our opinion regarding the Transaction.

We are independent from, and are not associated with the Company or any other party to the Transaction, or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules and accordingly, are considered eligible to give independent advice on the Transaction. We will receive a fee from the Company for our role as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transaction. Apart from this normal professional fee payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Company or any other party to the Transaction or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules.

The Independent Board Committee, comprising Professor Gary C. BIDDLE, Dr. Edgar W. K. CHENG and Dr. Roger L. McCARTHY, has been established to advise the Independent Shareholders as to whether the Transaction is on normal commercial terms, was entered into in the Group's ordinary and usual course of business, fair and reasonable, and in the interests of the Company and the Shareholders as a whole; and as to whether the term of the Langham Xintiandi Hotel Related Agreements, being in excess of three years, is justifiable and to confirm that it is normal business practice for contracts of this type to be of such duration.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors:

1. Background of the Transaction

On 9 September 2011, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Sellers (namely Cassidy and SOI) pursuant to which:

(a) the Sellers shall at Completion sell and the Purchaser (or its nominee) shall purchase the entire legal and beneficial ownership in (i) the RI Shares and (ii) the MGI Shares;

(b) the Sellers shall or shall procure the relevant members of the Sellers' Group to, at Completion assign to the Purchaser (or its nominee) and, the Purchaser (or its nominee) shall accept, all of the Sellers' or the relevant members of the Sellers' Group's rights, title, interest and benefits in and to the Shareholder Loans; and

(c) the Purchaser (or its nominee) shall at Completion assume all of the Assumed Liabilities and all obligations pertaining to such Assumed Liabilities due and owing by the relevant member of the Sellers' Group to the relevant member of the Target Groups as from Completion,

on the terms and conditions as set out in the Agreement.

Cassidy legally and beneficially owns the RI Shares and Rimmer owns 80% equity interest in Shanghai Rimmer, which in turn owns the land use rights and the building ownership rights pertaining to Shui On Plaza and owns 24% equity interest in Xintiandi Plaza Business.

SOI legally and beneficially owns the MGI Shares and Magic Garden owns the entire issued share capital of Landton through Victorious Run. Landton, Trillion Full and Metro Land own 50%, 22.5% and 27.5%, respectively, of the equity interest in Shanghai Li Xing, which in turn owns the land use rights and the building ownership rights pertaining to Langham Xintiandi Hotel and 107 Hotel.

It is intended that:

(a) the land use rights and building ownership rights and all liabilities pertaining to Langham Xintiandi Hotel and 107 Hotel shall be segregated by way of the de-merger of Shanghai Li Xing (the "**Proposed De-merger**"). Magic Garden will, through Victorious Run, Landton and Shanghai Li Xing (or a new company), hold all the legal and beneficial interest, and assume all liabilities, in relation to Langham Xintiandi Hotel on completion of the Proposed De-merger; and

(b) upon completion of the Proposed De-merger:

(i) a company holding the land use rights and building ownership rights and assuming all the liabilities pertaining to 107 Hotel will be owned by Trillion Full and Metro Land as to 45% and 55%, respectively; and

(ii) Shanghai Li Xing (or a new company) holding the land use rights and building ownership rights and assuming all the liabilities pertaining to Langham Xintiandi Hotel will be wholly-owned by Landton, and this company will not assume any liabilities whatsoever pertaining to 107 Hotel, nor hold the land use rights and building ownership rights of 107 Hotel.

Upon Completion and completion of the Proposed De-merger, the Purchaser (or its nominee) will indirectly own:

(a) 80% equity interest in Shanghai Rimmer, which in turn owns the land use rights and the building ownership rights pertaining to Shui On Plaza and 24% equity interest in Xintiandi Plaza Business; and

(b) 66.7% equity interest in Shanghai Li Xing (or a new company), which in turn owns the land use rights and building ownership rights pertaining to Langham Xintiandi Hotel but not assuming any liabilities whatsoever pertaining to 107 Hotel.

2. Reasons for and benefits of the Transaction

A. Business of the Group

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

The Group's overall strategy is to run a very unique business model, the Xintiandi (XTD) model, across all of their projects located in prime areas of high-growth cities in China including Shanghai, Wuhan, Chongqing, Foshan and Dalian.

Shanghai XTD is located in Luwan District (now known as Huangpu District), along with one of Shanghai's main commercial streets, Huaihai Middle Road. With the opportunity to upgrade the city for Shanghai Expo 2010, the 110 years old Huaihai Middle Road has been upgraded into a world class central business district. Metro Lines no. 1, no. 8 and no. 10 connect the project to other parts of Shanghai, and Metro Line no. 13, which is now under construction, will serve the community soon.

For the Shanghai XTD project, it is a large-scale city-core redevelopment project with an emphasis on the preservation and restoration of historic buildings and the establishment of an integrated community. It blends the chic architecture of "Old Shanghai" with modern features and amenities. The project consists of four main zones: historic restoration zone (Shanghai Xintiandi), corporate headquarters zone (Corporate Avenue), up-market residential zone (Lakeville Regency and

Casa Lakeville), and a retail and theatre zone. With its direct connection to Metro Line no. 10, Xintiandi Style — the first shopping mall featuring designer labels — was opened in 2010 and extended Xintiandi further south. The following table shows the usage mix of the project as of 31 December 2010 based on the XTD master plan:

Table 1: Usage mix of the Shanghai XTD project

Usage	GFA (sq.m)	%
Residential	263,000	29%
Office	360,000	39%
Retail	251,000	27%
Hotel/Serviced Apartment	43,000	5%
Total Leasable and Saleable GFA	917,000	100%

Source: 2010 Annual Report

As shown in Table 1 above, office, retail and hotel/serviced apartment are major business components of the Group. The incorporation of other hotels and commercial properties into the Company is in line with the Group's existing business focus and strategy.

In addition, it is also consistent with the Group's development strategies and business plans which diversify its income stream into the hotel industry, as demonstrated by the recently announced strategic alliance between the Company and Langham Hospitality Group Limited.

B. Prospect of Langham Xintiandi Hotel

Magic Garden

As stated in the letter from the Board in the Circular, Magic Garden is an investment holding company incorporated in BVI and held as to 66.7% by SOI and 33.3% by G.E. Hotel. At the Latest Practicable Date, Magic Garden indirectly owns 50% equity interests in Shanghai Li Xing, which in turn owns the land use rights and the building ownership rights pertaining to Langham Xintiandi Hotel and 107 Hotel.

Langham Xintiandi Hotel

As stated in the letter from the Board in the Circular, Langham Xintiandi Hotel is a hotel located at 4/1 Qiu, Jiefang 108, Huaihai Middle Road, Luwan District (now known as Huangpu District), and is next to Shanghai XTD, which is owned by the Group and is a renowned destination for leisure and entertainment as well as commerce in Shanghai. It is a luxury hotel comprising 26 storeys (including Mezzanine floors) and a five-level basement with a total gross floor area of approximately 53,795 square meters, providing 357 guest rooms and various hotel and entertainment facilities. Langham Xintiandi Hotel commenced a soft opening in October 2010 and the grand opening is expected to take place in March 2012.

The unaudited net liabilities of the Magic Garden Group as attributable to Langham Xintiandi Hotel at the Last Accounting Date were approximately HK$13 million. After taking into account (1) the property valuation of Langham Xintiandi Hotel provided by Savills as at 31 July 2011 of approximately RMB1,997 million (equivalent to approximately HK$2,416 million); (2) the deduction of the amount of goodwill and intangible assets; and (3) the deduction of the amount of fixed assets, the net asset value of the Magic Garden Group is adjusted to approximately HK$383 million at the Last Accounting Date.

The following table sets out the net (loss)/profit of Magic Garden as attributable to Langham Xintiandi Hotel for the two financial years ended 31 December 2010 as extracted from unaudited management accounts of the Magic Garden Group prepared under the Hong Kong Financial Reporting Standards:

Table 2: Net (loss)/profit of Magic Garden as attributable to Langham Xintiandi Hotel

	For the financial year ended 31 December	
	2009	**2010**
	(unaudited)	*(unaudited)*
	HK$ million	*HK$ million*
(Loss)/profit before taxation for the year	(113)	11
(Loss)/profit attributable to SOI as attributable to Langham Xintiandi Hotel for the year	(85)	20

Source: Announcement

(i) Overview of Shanghai

Shanghai, as China's leading commercial and financial centre, is the largest economy amongst China's cities and is rapidly moving towards its long-term goal of becoming an international financial, economic, trading and shipping center by 2020. At the end of 2010, 910 financial institutions and 305 multinational companies had set up their regional headquarters there, and 319 research and development centers of overseas companies had been established in the city. GDP of Shanghai was RMB1.69 trillion in 2010. It has been particularly successful in attracting overseas investment, with USD 11.1 billion of foreign direct investment (FDI) in 2010, representing over 10.5% of total national foreign direct investment.

(ii) Tourism industry in Shanghai

Set out below is a summary of certain statistics relating to the number of foreign visitors to Shanghai; average number of foreign visitors staying in Shanghai per day; and average number of days each foreign visitor staying in Shanghai:

Table 3: Shanghai foreign visitors' arrival and stay statistics

	2006	**2007**	**2008**	**2009**	**2010**	**Jan to Jul 2011**
Total number of foreign visitors to Shanghai (mil)	6.06	6.66	6.40	6.29	8.51	4.60
Average number of foreign visitors staying in Shanghai per day	16,594	18,235	17,544	17,231	23,382	12,595
Average number of days each foreign visitor staying in Shanghai	3.60	3.69	3.72	3.60	3.51	N/A

Note: Foreign visitors include visitors from Hong Kong, Macau and Taiwan

Source: 中國統計信息網 (www.tjcn.org) and Shanghai Year Book

As shown in Table 3 above, total number of foreign visitors to Shanghai increased significantly from approximately 6.1 million in 2006 to approximately 8.5 million in 2010, representing an increase of approximately 40.4% whilst the average number of days each foreign visitor staying in Shanghai, maintained above 3.5 days in the past 5 years. Although the significant increase of the total number of foreign visitors to Shanghai in 2010 was primarily driven by the effect of Shanghai Expo 2010, nevertheless, the total number of foreign visitors to Shanghai for the first seven months in 2011 was approximately the same level in comparison to the same period in 2010.

In light of the above, we consider that the tourism industry in Shanghai is developing on an upward trend where the number of foreign visitors staying in Shanghai is continuously growing year on year. As such, Langham Xintiandi Hotel is going to benefit from the strong industry growth.

(iii) 5-star hotel rooms in Shanghai

Set out below is a summary of certain statistics relating to the number of 5-star hotel rooms in Shanghai and the average occupancy rate of these rooms:

Table 4: Shanghai 5-star hotel rooms and average occupancy rate statistics

	2006	**2007**	**2008**	**2009**	**2010**	**Jan to Jul 2011**
Number of 5-star hotel rooms in Shanghai (in thousands)	12.0	14.3	16.2	16.4	19.6	N/A
Average occupancy rate of 5-star hotel rooms in Shanghai	72.6%	68.2%	59.9%	53.5%	68.0%	57.9%

Note: Foreign visitors include visitors from Hong Kong, Macau and Taiwan

Source: Shanghai Municipal Tourism Administration and Shanghai Year Book

As shown in Table 4 above, the number of 5-star hotel rooms in Shanghai increased significantly (up by approximately 63.3%) from 2006 to 2010. Nevertheless, the occupancy rate of these hotel rooms still managed to increase significantly over the relevant period which demonstrates a strong demand for 5-star hotels in Shanghai. In addition, the occupancy rate climbed from 53.5% in 2009 to 68.0% in 2010. This indicates the demand for 5-star hotel rooms has recovered quickly from the financial crisis in late 2008.

Although the high occupancy rate in 2010 was mainly contributed from the Shanghai Expo 2010, we consider that the demand for Shanghai 5-star hotels will continue to be strong due to the significant growth in the GDP as shown below.

Table 5: Shanghai GDP statistics

	2006	**2007**	**2008**	**2009**	**2010**	**Jan to Jul 2011**
GDP of Shanghai (RMB billion)	1,057.2	1,249.4	1,407.0	1,504.6	1,687.2	916.4*
GDP of Luwan District (RMB billion)	7.3	8.6	10.0	11.1	12.2	7.6
GDP of Huangpu District (RMB billion)	51.0	57.6	65.1	73.2	78.7	N/A

**: The GDP figure of Shanghai for the period of January to June 2011.*

Source: 中國統計信息網 (www.tjcn.org), Shanghai Year Book, Department of Luwan District and Department of Huangpu District

As shown in Table 5 above, the GDP of Shanghai grew rapidly by approximately 59.6% from 2006 to 2010. Although the global financial crisis had a strong negative effect on the economic development of many countries and regions around the world in late 2008, Shanghai's GDP, including the GDP of Luwan District and Huangpu District, continued to grow on an increasing trend. The reason why we are paying particular attention to the Luwan and Huangpu Districts of Shanghai is due to the location of the Langham Xintiandi Hotel and the fact that Luwan District was merged into Huangpu District in July 2011. Based on the relevant GDP growth figures, we consider that the Langham Xintiandi Hotel will continue to benefit from the strong development in Shanghai.

In light of the above, we are of the view that Langham Xintiandi Hotel will benefit from: i) strong economic growth in Shanghai; ii) the generally positive prospects for the Shanghai tourism industry; and iii) steady demand for 5-star hotels in Shanghai.

C. Prospect of Shui On Plaza

Rimmer

As stated in the letter from the Board in the Circular, Rimmer is an investment holding company incorporated in BVI and a wholly-owned subsidiary of Cassidy. At the Latest Practicable Date, Rimmer owns 80% equity interests in Shanghai Rimmer, which in turn owns the land use rights and the building ownership rights pertaining to Shui On Plaza and 24% equity interest in Xintiandi Plaza Business.

The unaudited net asset value of the Rimmer Group at the Last Accounting Date was approximately HK$2,390 million. After taking into account the property valuation of Shui On Plaza provided by Savills as at 31 July 2011 of approximately RMB3,098 million (equivalent to approximately HK$3,748 million), the net asset value of the Rimmer Group is adjusted to approximately HK$2,411 million as at the Last Accounting Date.

The following table sets out the net profit of the Rimmer Group for the two financial years ended 31 December 2010 as extracted from the unaudited management accounts of the Rimmer Group prepared under the Hong Kong Financial Reporting Standards:

Table 6: Net profit of the Rimmer Group

	For the financial year ended 31 December	
	2009	**2010**
	(unaudited) *HK$ million*	*(unaudited)* *HK$ million*
Profit before taxation for the year	182	418
Profit attributable to the owner of the Rimmer Group for the year	143	254

Source: Announcement

Xintiandi Plaza Business

Xintiandi Plaza Business is a company incorporated in the PRC whose primary business is sales of, *inter alias*, general merchandise, art work, clothing, electronic products, construction materials, chemical raw materials, computer and accessories, machinery and furniture, and exhibition.

Shui On Plaza

Shui On Plaza is a commercial and office premises located at No. 333 Huaihai Middle Road, Luwan District (now known as Huangpu District), Shanghai, the PRC. The construction of Shui On Plaza was completed in 1996. Shui On Plaza has a total gross floor area of approximately 65,815 square meters.

(i) Grade A office rental rate in Shanghai

Set out below is a table showing the average rental rates of grade A offices in Shanghai from the first quarter in 2007 to the second quarter in 2011:

Table 7: Shanghai grade A office rental rate

	1Q07	**2Q07**	**3Q07**	**4Q07**	**1Q08**	**2Q08**	**3Q08**	**4Q08**
Average grade A office rental rate in Shanghai (RMB/sq.m/day)	7.89	8.13	8.70	9.04	8.90	9.62	8.69	8.56
Average grade A office rental rate in Luwan (RMB/sq.m/day)	9.43	9.60	10.26	10.45	10.24	10.88	11.25	10.30

	1Q09	**2Q09**	**3Q09**	**4Q09**	**1Q10**	**2Q10**	**3Q10**	**4Q10**
Average grade A office rental rate in Shanghai (RMB/sq.m/day)	7.69	7.05	6.90	6.20	6.10	6.80	7.02	7.14
Average grade A office rental rate in Luwan (RMB/sq.m/day)	8.75	8.25	7.96	7.23	7.11	7.65	7.63	8.00

	1Q11	**2Q11**
Average grade A office rental rate in Shanghai (RMB/sq.m/day)	7.34	7.83
Average grade A office rental rate in Luwan (RMB/sq.m/day)	8.30	9.09

Source: DTZ Research Property Times quarterly report

As shown in Table 7 above, the average grade A office rental rate in Shanghai ranges from RMB6.10/sq.m/day to RMB9.62/sq.m/day. The average rental rate in Shanghai has shown an increasing trend from RMB7.89/sq.m/day in the first quarter of 2007 up to RMB9.62/sq.m/day in the second quarter of 2008. As most of the tenants of the grade A offices are international corporations, they tended to slow down their investment and development in China after the financial crisis in late 2008. Consequently, the demand for grade A office buildings has decreased and has resulted in a lower rental rate since late 2008.

Luwan District, being the central business district of Shanghai, enjoys a relatively higher grade A office rental rate. As mentioned above, the financial crisis led to a lower rental rate from the third quarter of 2008 to the first quarter of 2010 as compared to the previous quarters. Nevertheless, the rental rate of the grade A offices started to increase after it reached the lowest level in the first quarter of 2010. Driven by the strong economic development in China, as demonstrated by rapid GDP growth in Table 5 above, the grade A office rental rate in the second quarter of 2011 has recovered to approximately the same level as that of the first quarter of 2007.

(ii) Grade A office occupancy rate in Shanghai

The table below has illustrated the occupancy rate of the grade A offices in Shanghai, and specifically in Luwan District.

Table 8: Shanghai grade A office occupancy rate

	1Q07	**2Q07**	**3Q07**	**4Q07**	**1Q08**	**2Q08**	**3Q08**	**4Q08**
GFA of grade A office stock in Shanghai (million sq.m)	4.0	4.1	4.1	4.2	4.6	4.8	5.1	5.3
Average occupancy rate of Grade A office in Shanghai	95.1%	95.9%	97.0%	98.5%	95.4%	92.4%	91.2%	84.8%
Average occupancy rate of Grade A office in Luwan	95.7%	94.8%	96.3%	98.1%	97.7%	95.6%	95.9%	95.8%

	1Q09	**2Q09**	**3Q09**	**4Q09**	**1Q10**	**2Q10**	**3Q10**	**4Q10**
GFA of grade A office stock in Shanghai (million sq.m)	5.3	5.4	5.5	5.7	5.7	5.9	5.9	5.9
Average occupancy rate of Grade A office in Shanghai	83.1%	83.6%	84.8%	84.6%	86.1%	87.9%	88.7%	92.4%
Average occupancy rate of Grade A office in Luwan	92.3%	92.2%	90.5%	90.9%	92.3%	93.9%	93.6%	97.5%

	1Q11	2Q11
GFA of grade A office stock in Shanghai (million sq.m)	6.0	6.4
Average occupancy rate of Grade A office in Shanghai	90.6%	90.6%
Average occupancy rate of Grade A office in Luwan	96.8%	93.8%

Source: DTZ Research Property Times quarterly report

As shown in Table 8 above, the occupancy rates throughout these years were in line with the relevant rental rates as illustrated in Table 7 above. In addition, we observe that the relevant average occupancy rate in Luwan District is traditionally above the Shanghai municipal average and is consistently above 90%. This serves as an indication that the supply of grade A offices in Luwan District is limited and the demand for grade A offices in the same area is continuously strong.

In light of the above, we are of the view that Shui On Plaza will continue to benefit from i) the steady demand for grade A offices in Shanghai, particularly in Luwan District (now known as Huangpu District); and ii) relatively high average rental rate in Luwan District.

D. Other considerations

As stated in the letter from the Board in the Circular, both Shui On Plaza and Langham Xintiandi Hotel are located in the heart of downtown Shanghai, Luwan District (now known as Huangpu District), which is one of the city's most important business districts as well as one of the most renowned shopping destinations in Shanghai.

The Transaction is expected to make a positive contribution to the income stream of the Company. Shui On Plaza has a high quality tenant mix, which provides a higher degree of stability with respect to the tenant base and income stream. We note that for the financial year ended 31 December 2009, Shui On Plaza recorded a rental income of approximately HK$152 million, with an average occupancy rate of 100% and 93.2% for retail and office spaces respectively. For the financial year ended 31 December 2010, it recorded a rental income of approximately HK$178 million, with an average occupancy rate of 100% and 99.6% for retail and office spaces respectively.

Langham Xintiandi Hotel is a newly completed luxury hotel. Since its soft opening in October 2010, Langham Xintiandi Hotel had an average occupancy of 38.1% in the first quarter of 2011, which increased to 54.6% in the second quarter of 2011. Driven by China's strong economic growth, the luxury hotel sector has demonstrated positive development trends and growth potential. Given the prospects of the sector, the acquisition of Langham Xintiandi Hotel represents an attractive opportunity to the Company to own an interest in a luxury hotel in Shanghai, a prime business and tourist city in the PRC. It is consistent with the Company's development strategies and business plans which diversify its income stream into the hotel industry, as demonstrated by the recently announced strategic alliance between the Company and Langham Hospitality Group Limited.

In light of:

1. the Transaction is in line with the business strategies of the Company;
2. the Langham Xintiandi Hotel will benefit from the generally positive prospects for the Shanghai tourism industry and steady demand for 5-star hotels in Shanghai driven by China's strong economic growth;
3. the high average occupancy rate of Shui On Plaza for the two financial years ended 31 December 2010 and Shui On Plaza is expected to generate a stable income stream to the Company after the acquisition; and
4. the Shui On Plaza will continue to benefit from the steady demand for grade A offices in Shanghai, particularly in Luwan district (now known as Huangpu District), and relatively high average rental rate in Luwan District;

we are of the view that the Transaction is on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

E. Principal terms of the Transaction

The Agreement

Date	:	9 September 2011
Parties	:	(a) the Purchaser; and (b) the Sellers
Consideration	:	Pursuant to the Agreement, the Initial Consideration is HK$2,086 million which shall be adjusted in accordance with the "Consideration Adjustment" below.
Basis of the Consideration	:	The Initial Consideration of HK$2,086 million was determined following commercial negotiations between the parties on an arm's length basis and it represents an amount equal to: (a) the adjusted net asset value of the Rimmer Group of approximately HK$2,411 million; plus (b) 66.7% of the adjusted net asset value of the Magic Garden Group of approximately HK$383 million; plus (c) the Shareholder Loans of approximately HK$622 million; less (d) the Assumed Liabilities of approximately HK$1,202 million, all as at the Last Accounting Date. It should be noted that the respective appraised market values as at 31 July 2011 of Shui On Plaza (of approximately RMB3,098 million, equivalent to approximately HK$3,748 million) and Langham Xintiandi Hotel (of approximately RMB1,997 million, equivalent to approximately HK$2,416 million) have been taken into account in calculating the adjusted net asset values of Rimmer Group and Magic Garden Group, respectively, as referred to in the preceding paragraph.

Issue of Initial Consideration Shares	:	Subject to adjustment following Completion, the Initial Consideration shall be settled by way of the Purchaser procuring the Company to issue the Initial Consideration Shares to the Sellers in accordance with the Agreement at Completion.

The number of Initial Consideration Shares shall be determined according to the following formula:

ICS = IC / [BSP x (1 + P)]

where:

ICS = the number of Initial Consideration Shares;

IC = the amount of the Initial Consideration;

BSP = the Benchmark Share Price; and

P = 12.5%, being the agreed premium to the Benchmark Share Price.

The Benchmark Share Price is the higher of the following:

(a) HK$3.02 per Share, being the higher of: (i) HK$3.02 per Share, being the average of the volume weighted average price per Share (as appearing on or derived from Bloomberg or any successor service) for the consecutive 30 Trading Days immediately preceding and including the date of the Agreement; and (ii) HK$2.78 per Share, being the closing price per Share (as appearing on or derived from Bloomberg or any successor service) at the date of the Agreement; and

(b) HK$2.20 per Share, being the average of the volume weighted average price per Share (as appearing on or derived from Bloomberg or any successor service) for the Trading Days commencing from the Trading Day immediately following the date of the Agreement and ending on the date of the Latest Practicable Date as provided in the Circular being not less than 2 business days (in Hong Kong) from the date of the Circular or, if that is not a Trading Day, the immediately preceding Trading Day, both days inclusive, provided that the quotations on the dates on which the Shares have been quoted ex-dividend have been deemed to be the volume weighted average price thereof (as appearing on or derived from Bloomberg or any successor service) plus an amount equal to the amount of that dividend per Share.

Issue price of Initial Consideration Shares is HK$3.40 per share, which is determined at a premium of 12.5% to the Benchmark Share Price of HK$3.02. The issue price of Consideration Shares of HK$3.40 represents:

(a) A premium of 93.2% over the closing price of HK$1.76 per Share as quoted on the Stock Exchange on 3 October 2011, being the Latest Practicable Date;

(b) A premium of 22.3% over the closing price of HK$2.78 per Share as quoted on the Stock Exchange on 9 September 2011, being the date of the Agreement; and

(c) A premium of 20.1% over the average closing price of HK$2.83 per Share for the last five trading days up to and including 9 September 2011.

Based on the issue price of HK$3.40 per share, 613,529,412 Shares will be issued as Initial Consideration Shares to the Sellers.

Assuming that from the period between the Latest Practicable Date and the Completion Date: (i) there is no change in the share capital of the Company; and (ii) Mr. Vincent LO and his associates (including Mr. Vincent LO's family interests, Shui On Properties Limited, SOI and New Rainbow Investments Limited), have not changed their shareholdings in the Company, the shareholdings of Mr. Vincent LO and his associates held in the Company in aggregate will increase from 50.93% to 56.10%.

Consideration Adjustment : After Completion, the Purchaser and the Sellers shall direct an independent accountant appointed by the Purchaser and the Sellers to prepare the Completion Accounts.

In the event that the amount of the Initial Consideration payable by the Purchaser at Completion is less than the Combined Adjusted NAV as set out in the Completion Accounts, the amount equal to the shortfall shall be deemed to be a "**sellers' receivable**", provided that the sellers' receivable shall not exceed HK$85 million in any event and the Purchaser shall procure the Company to issue additional number of Shares (the "**Additional Consideration Shares**") to the Sellers as determined by the following formula within 5 business days after the later of (a) the receipt of the Completion Accounts by the Purchaser; and (b) the date of grant by the Stock Exchange of the listing of and permission to deal in the Additional Consideration Shares, the number of the Additional Consideration Shares shall be determined according to the following formula:

ACS = SR / [BSP x (1 + P)]

where:

ACS = the number of Additional Consideration Shares issuable;

SR = the amount of the sellers' receivable;

BSP = the Benchmark Share Price; and

P = 12.5%, being the agreed premium to the Benchmark Share Price.

In the event that the amount of the Initial Consideration payable by the Purchaser is greater than the Combined Adjusted NAV as set out in the Completion Accounts, the amount equal to the shortfall shall be deemed to be a "**purchaser's receivable**". The Sellers jointly and severally shall pay, within 5 business days after receipt of the Completion Accounts by the Sellers, an amount equal to such purchaser's receivable to the Purchaser.

Pursuant to the Agreement, the total amount of the consideration under the Transactions payable by the Purchaser to the Sellers shall not exceed HK$2,171 million in any event.

Application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the Initial Consideration Shares and the Additional Consideration Shares (if any) issued pursuant to the Agreement. The Initial Consideration Shares and the Additional Consideration Shares (if any), when issued pursuant to the terms of the Agreement, will rank *pari passu* in all respects with the existing Shares then in issue.

F. Basis of determining the Consideration

(i) Initial Consideration

As stated in the letter from the Board in the Circular, the Initial Consideration of HK$2,086 million was determined following commercial negotiations between the parties on an arm's length basis and it represents an amount equal to: (a) the adjusted net asset value of the Rimmer Group of approximately HK$2,411 million; plus (b) 66.7% of the adjusted net asset value of the Magic Group of approximately HK$383 million; plus (c) the Shareholder Loans of approximately HK$622 million; less (d) the Assumed Liabilities of approximately HK$1,202 million, all as at the Last Accounting Date.

It should be noted that, the respective appraised market values as of 31 July 2011 of Shui On Plaza (of approximately RMB3,098 million, equivalent to approximately HK$3,748 million) and Langham Xintiandi Hotel (of approximately RMB1,997 million, equivalent to approximately HK$2,416 million), have been taken into account in calculating the adjusted net asset values of Rimmer Group and Magic Garden Group, respectively, as referred to in the preceding paragraph.

To assess the basis in determining the Initial Consideration, we have reviewed the Valuation Report, discussed with the Independent Valuer and the management of the Company. We have noted and discussed with the Independent Valuer that they have considered the market approach and the income approach in valuing Langham Xintiandi Hotel and Shui On Plaza.

Langham Xintiandi Hotel

The Independent Valuer is of the view that the adoption of the income approach was not appropriate as Langham Xintiandi Hotel only has a short period of operation track-record and does not have a representative income stream to perform the valuation. As such, the Independent Valuer adopted the market approach by making reference to comparable market transactions as available in the markets and certain adjustments based on the professional judgment of the Independent Valuer through careful consideration of factors such as respective hotel rankings, locations, facilities and accessibilities in valuing the hotel.

Shui On Plaza

The Independent Valuer adopted the market approach by making reference to comparable market transactions and also the income approach on the basis of capitalization of the rental incomes derived from the existing tenancies with due allowance for reversionary income potential of the property to value the Shui On Plaza.

The market values of the Langham Xintiandi Hotel and the Shui On Plaza being referred to 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 Independent Valuer advised that the income approach and the market approach are commonly adopted and well recognized methodologies in valuing the commercial buildings.

In addition, we have also discussed with the Independent Valuer regarding the major assumptions made in valuing the Langham Xintiandi Hotel and the Shui On Plaza. In terms of the income approach, we understand that the major assumptions made in valuing the Shui On Plaza were based on the rental income of existing tenancies, together with the expected rental income with reference to the market rate of nearby grade A office buildings. In terms of the market approach, we understand that the major assumptions made in valuing the Langham Xintiandi Hotel and the Shui On Plaza were based on references to the comparable transactions of 5-stars hotels in Shanghai and the comparable transactions of grade A office buildings in Shanghai, respectively. As such, we are of the view that the major assumptions made in valuing the Langham Xintiandi Hotel and the Shui On Plaza are reasonable.

Given the valuation approaches are commonly adopted and well recognized methodologies for valuing properties, and the major assumptions made in connection with the valuation approaches are reasonable, we are of the view that the basis in determining the Initial Consideration is fair and reasonable so far as the Company, the Independent Board Committee and the Independent Shareholders as a whole are concerned.

(ii) Consideration Adjustment

As stated in the letter from the Board in the Circular, the Initial Consideration is subject to a Consideration Adjustment with an upward adjustment (in case the amount of the Initial Consideration payable by the Purchaser at Completion is less than the Combined Adjusted NAV as set out in the Completion Accounts, the amount equal to the shortfall shall be deemed to be a "sellers' receivable") not exceeding HK$85 million, representing 4.07% of the Initial Consideration, and the Purchaser shall procure the Company to issue additional number of Shares (the "Additional Consideration Shares") to the Sellers within 5 business days after the later of (a) the receipt of the Completion Accounts by the Purchaser; and (b) the date of grant by the Stock Exchange of the listing of and permission to deal in Additional Consideration Shares.

As discussed with the management of the Company, we understand that the limit of the upward adjustment was set on an arm's length basis with reference to the two scheduled loan repayments of the Target Groups, to be funded by the Shareholder Loans prior to the Completion in accordance with the bank loan agreements and also the estimated movement of other balance sheet items of the Target Groups (excluding the bank loans) between the Last Accounting Date and the Completion Date, representing approximately 13% of the upward adjustment. As such, we are of the view that, the potential upward consideration adjustment of not exceeding HK$85 million to the Initial Consideration, which was determined by the Company on the basis of the scheduled loan repayments in accordance with the bank loan agreements and also the estimated movement of other balance sheet items of the Target Groups (excluding the bank loans) between the Last Accounting Date and the Completion Date, representing approximately 13% of the upward adjustment, has been determined on a fair and reasonable basis. We further consider that the basis in determining the Consideration Adjustment is fair and reasonable so far as the Company, the Independent Board Committee and the Independent Shareholders as a whole are concerned.

In light of the above, in particular we consider that both the Initial Consideration and the Consideration Adjustment are fair and reasonable, we are of the view that the Consideration is fair and reasonable and in the interest of the Company and the Shareholders as whole.

G. Initial/Additional Consideration Shares Analysis

As stated in the letter from the Board in the Circular, the number of Initial/Additional Consideration Shares to be issued by the Company will be based on the Benchmark Share Price (BSP) (i.e. HK$3.02 per Share) plus 12.5% agreed premium to the BSP (collectively, the "Initial/Additional Consideration Share Price").

(i) Comparison of the BSP to the closing price per Share at the date of the Agreement

In order to assess the fairness and reasonableness of the BSP, we have compared the BSP to the closing price per Share at the date of the Agreement.

The BSP of HK$3.02 represents a premium of approximately 8.63% to the closing price per Share at the date of the Agreement (i.e. HK$2.78).

(ii) Comparable transactions

In order to assess the fairness and reasonableness of 12.5% agreed premium to the BSP, to the best of our endeavours, we have reviewed transactions announced by companies listed on the Stock Exchange which involved the issuance of consideration shares (the "Issuance Comparables") during the period of three months immediately prior to the date of the Agreement. We are of the view that these Issuance Comparables provide a meaningful comparison for our analysis to determine whether the Initial/Additional Consideration Share Price is reasonable, because these Issuance Comparables were transacted at the time close to the signing of the Agreement under the similar market conditions and investment sentiments. We note that although the companies involved in the Issuance Comparables are not engaged in similar businesses as the Company, we are of the view that the Issuance Comparables would provide a reference basis as they could reflect recent market trends of the terms used in issuing consideration shares as consideration for acquisition. As such, we consider the Issuance Comparables are fair and representative samples.

Set out below is a table comparing the respective premium/(discount) of the respective issue prices represented by the Issuance Comparables:

Table 9: Comparison of relevant issue prices of the Issuance Comparables Issuance Comparables

Date of announcement	Company name	Stock code	Premium/(Discount) of the issue price over/(to) the closing price on last trading day prior to/on the date of the relevant announcements *(%)*	Premium/(Discount) of the issue price over/(to) VWAP for the last 30 consecutive trading day prior to/on the date of the relevant announcements *(%)*
2011-06-01	Vitop Bioenergy Holdings Limited	1178	(48.98)	(30.34)
2011-07-06	Beijing Enterprise Water Group Limited	371	(8.40)	(3.09)
2011-07-22	China Resources Gas Group Limited	1193	(6.10)	(2.94)
2011-08-11	Sino Resources Group Limited	223	18.42	10.44
2011-08-14	Vitop Bioenergy Holdings Limited	1178	0.00	(33.26)
2011-08-24	Tech Pro Technology Development Limited	3823	2.80	(0.11)
	Maximum		**18.42**	**10.44**
	Minimum		**(48.98)**	**(33.26)**
	Average		**(7.04)**	**(9.88)**
The Initial/Additional Consideration Share Price			**12.50**	**12.50**

Source: Website of the Stock Exchange and Bloomberg

As indicated from Table 9 above, the issue prices of the Issuance Comparables ranged from (i) a discount of approximately 48.98% to a premium of approximately 18.42%, with an average of discount of approximately 7.04%, to the respective closing prices of their shares on the last trading days (the "Market Range I"); and (ii) a discount of 33.26% to a premium of 10.44% to the respective volume-weighted average price ("VWAP") of their shares on the last thirty consecutive trading days, prior to/on the date of the relevant announcements (the "Market Range II"), respectively.

We note that the Initial/Additional Consideration Share Price is at a premium that is within the Market Range I and above the average of the Market Range I. In addition, we further note that the Initial/Additional Consideration Share Price is at a premium that is above the Market Range II. As such, we are of the view that the Initial/Additional Consideration Share Price is fair and reasonable.

(iii) ***Comparable companies***

As stated in the letter from the Board in the Circular, we note that the Initial/Additional Consideration Share Price of HK$3.40 represents a discount of approximately 42.2% to the net asset value of the Company as at 30 June 2011 (the "NAV"), which is in the amount of approximately RMB4.86 per Share (equivalent to approximately HK$5.88 per Share). In order to assess the reasonableness of the Initial/Additional Consideration Share Price in terms of discount to the NAV, we have evaluated the Initial/Additional Consideration Share Price against the market prices of various companies listed on the Stock Exchange that have real estate developing business solely in the PRC and have market capitalizations of HK$4 billion to HK$14 billion (the "Comparable Companies").

The Comparable Companies have been selected exhaustively based on the above criteria, which have been identified, to the best of our endeavours, in our research through public information.

In our assessment, we have considered the premium/(discount) of the market price to the NAV, which is commonly used to assess the financial valuation of a real estate developing entity. Set out below is a table comparing the respective premium/(discount) of the market prices to the NAVs of the Comparable Companies.

Table 10: Comparison of the premium/(discount) of the market prices to the NAV of the Comparable Companies

Company	**Market Capitalization HK$ billion** *(Note 1)*	**Price HK$** *(Note 1)*	**NAV HK$ billion** *(Note 2,3)*	**Premium/ (Discount) to the NAV** *(%)*
Mingfa Group (International) Company Limited	13.3	2.20	8.1	64
Sino-Ocean Land Holdings Limited	13.0	2.30	41.4	(69)
Franshion Properties (China) Limited	10.9	1.19	24.9	(56)
Beijing North Star Company Limited	10.4	1.07	16.3	(36)
New World China Land Limited	9.9	1.71	41.7	(76)
Yuexiu Property Company Limited	8.9	0.96	24.3	(63)
Kaisa Group Holdings Ltd.	8.3	1.70	13.1	(37)
Poly (Hong Kong) Investments Limited	7.9	2.20	22.6	(65)
Glorious Property Holdings Limited	7.9	1.01	19.0	(58)
KWG Property Holding Limited	7.3	2.51	14.8	(51)
Hopson Development Holdings Limited	6.8	3.86	41.2	(83)
China Overseas Grand Oceans Group Limited	6.5	4.26	4.0	63
Greentown China Holdings Limited	6.0	3.66	12.5	(52)
Powerlong Real Estate Holdings Limited	4.9	1.20	15.8	(69)
Shenzhen Investment Limited	4.5	1.28	14.6	(69)
Initial/Additional Consideration Share Price				(42)
Maximum (after the elimination of outliers)				(83)
Minimum (after the elimination of outliers)				(36)
Simple Average (after the elimination of outliers)				(60)
Market-Weighted Average (after the elimination of outliers)				(60)

Notes

1. Information as at 3 October 2011.

2. NAV refers to the NAV attributable to shareholders from the respective company's financial report as at 30 June 2011.

3. HK$1 = RMB0.8307, exchange rate from Bloomberg as at 30 June 2011.

Source: Companies' latest financial reports and Bloomberg

As shown in Table 10 above we note that Mingfa Group (International) Company Limited and China Overseas Grand Oceans Group Limited were the outliers to the other Comparable Companies and we have eliminated both companies from our analysis accordingly.

By excluding the two companies as mentioned above, we note that the market prices of the Comparable Companies are trading at discounts ranging from 36% to 83% of the respective NAVs of the Comparable Companies (the "NAV Discount Range").

As such, the discount to the NAV of the Initial/Additional Consideration Share Price, which is approximately 42.2%, falls within the NAV Discount Range and is below both of the simple average and the market-weighted average of the NAV Discount Range.

In light of the above, we are of the view that the Initial/Additional Consideration Share Price, which represents a discount of approximately 42.2% to the NAV, is fair and reasonable in comparison to the Comparable Companies.

(iv) *Consideration settlement*

As stated in the letter from the Board in the Circular, the settlement of the consideration under the Transaction by way of allotment and issue of Initial/Additional Consideration Shares will maintain the Group's flexibility in financing and enhancing the financial position of the Group by:

(1) reserving the cash balance for the Group to continue to explore new investment opportunities with the objective to further enhance the value of the Group; and

(2) satisfying the Consideration on an interest free and security free basis as compared to raising additional funding by way of alternative debt financing.

We are of the view that it is reasonable for the Company to satisfy the Consideration by way of allotment and issue of Initial/Additional Consideration Shares.

In light of:

1. the BSP is at a premium of approximately 8.63% to the closing price per Share at the date of the Agreement of the Group;

2. the Initial/Additional Consideration Share Price, which represents a premium of 12.5% to the BSP is within the Market Range I and above the average of the Market Range I;

3. the Initial/Additional Consideration Share Price, which repesents a premium of 12.5% to the BSP, is above the Market Range II;

4. the Initial/Additional Consideration Share Price, which represents a discount of 42.2% to the NAV is within the NAV Discount Range, and below both of the simple average and the market-weighted average of the NAV Discount Range of the Comparable Companies; and

5. the settlement of the consideration under the Transaction by way of allotment and issue of Initial/Additional Consideration Shares will maintain the Group's flexibility in financing and enhancing the financial position of the Group,

we are of the view that it is reasonable for the Company to settle the consideration of the Transaction by way of issuing Initial/Additional Consideration Shares and the Initial /Additional Consideration Share Price per Consideration Share is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

H. Financial Impacts of the Transaction

(i) Effect on the NAV and NAV per Share

As disclosed in the 2011 interim result, the unaudited NAV of the Group as at 30 June 2011 was approximately RMB25,308 million (equivalent to HK$30,623 million). The NAV per Share of the Group before the Transaction, based on 5,211,587,981 Shares in issue as at the Latest Practicable Date, is approximately HK$5.88. As stated in the letter from the Board in the Circular, upon Completion, the number of Shares in issue will increase to 5,825,117,393 Shares. In addition, upon completion, the Initial Consideration amounts to HK$2,086 million, will be consolidated into the financial statements of the Group. As such, the NAV of the Group will be increased by approximately HK$2,086 million after the Completion, subject to the Consideration Adjustment, nevertheless, the NAV of the Group on a per Share basis will decrease slightly by approximately 4.42%.

In light of the above, we consider that the Transaction will have a positive effect on the NAV of the Group but a slightly negative effect on the NAV per share.

(ii) Effect on earnings

As disclosed in the 2010 Annual Report, the profit attributable to the equity holders of the Group for the financial year ended 31 December 2010 was approximately RMB2,809 million (equivalent to HK$3,399 million).

As stated in the letter from the Board in the Circular, the unaudited management accounts of the Rimmer Group were profit making with net profits of approximately HK$143 million and HK$254 million for the two financial years ended 31 December 2010 respectively. Upon completion, the Group will be able to benefit from the positive earnings of the Rimmer Group.

The unaudited management accounts of the Magic Garden Group recorded a net loss of HK$85 million and a net profit of HK$20 million for the two financial years ended 31 December 2010 respectively. While the actual profit generated from Langham Xintiandi Hotel cannot be determined at this stage as Langham Xintiandi Hotel has only been in operation since soft opening in October 2010, however given the positive prospect of Langham Xintiandi Hotel as mentioned earlier in Section 2 B above, and our understanding from the discussions with the management of the Company that at the acquisition of Magic Garden Group will not have a negative financial impact on the earnings of the Group, we consider that the Transaction will have a positive effect on the earnings of the Group upon Completion.

(iii) Effect on working capital and net gearing

As the Transaction will be settled by issuing the Initial/Additional Consideration Shares, there would be no material impact on the working capital of the Group upon Completion apart from the expenses incurred or to be incurred for the Transaction.

As disclosed in the 2011 interim results, the net gearing ratio of the Group was 65% as of 30 June 2011. Given the Transaction will be settled by issuing the Initial/Additional Consideration Shares, the NAV of the Group will be increased by approximately HK$2,086 million (taken into consideration of the increase of HK$1,653 million debt) upon Completion, subject to the Consideration Adjustment. As such, we consider that the Transaction will have a net positive impact on the net gearing ratio of the Group upon Completion.

In light of:

(i) the positive effect on the NAV and slight negative effect on the NAV per Share of the Group;

(ii) the positive effect on the earnings of the Group; and

(iii) no material impact on the working capital of the Group and a positive impact on the net gearing ratio of the Group,

we are of the view that, on the balance, the Transaction will have an overall positive financial effect on the Group and is in the interests of the Company and the Shareholders as a whole.

I. Potential dilution

Table 11 below set out the shareholding structure of the Company as at the Latest Practicable Date and, for illustration purposes, the potential dilutive effect upon Completion.

Table 11: Potential shareholding dilution effect of the Transaction

Name of Shareholder	As at the Latest Practicable Date		Immediately after Completion	
	Number of Shares	%	Number of Shares	%
Mr. Vincent LO and associates*	2,654,600,915	50.93	3,268,130,327	56.10
Directors of SOL (excluding Mr. Vincent LO)	4,848,093	0.09	4,848,093	0.08
Other public Shareholders	2,552,138,973	48.98	2,552,138,973	43.81
Total	**5,211,587,981**	**100.00**	**5,825,117,393**	**100.00**

*: *including Mr. Vincent LO's family interests, Shui On Properties Limited, Shui On Investment Co. Ltd and New Rainbow Investment Ltd.*

Source: Company Information

As indicated in Table 11 above, the shareholdings of other public Shareholders will decrease from approximately 48.98% to approximately 43.81% immediately after Completion. Such potential dilution to the shareholdings of other public Shareholders represents a dilution of approximately 5.17%.

Taking into account that:

(i) Mr. Vincent LO already has majority control of the Company and will remain to be the majority Shareholder of the Company;

(ii) the settlement of the Consideration by way of issuing Initial/Additional Consideration Shares will provide the Group with flexibility in financing and enhancement of financial position of the Group as discussed in the above section headed "Initial/Additional Consideration Shares Analysis"; and

(iii) the potential dilution is modest,

we consider that the potential dilution of shareholding to the other public Shareholders immediately after Completion is acceptable.

3. Langham Xintiandi Hotel Related Transactions

A. The Langham Xintiandi Hotel Related Agreements

On 1 April 2010 and before the date of the Agreement, Shanghai Li Xing entered into the following transactions with Langham Shanghai and Langham International:

(a) the Hotel Management Agreement with Langham Shanghai, whereby Langham Shanghai, an indirect wholly-owned subsidiary of GE Holdings, shall have the exclusive right to manage and operate Langham Xintiandi Hotel for a term of 20 years from the opening of Langham Xintiandi Hotel renewable by Langham Shanghai for multiple 10-year periods subject to the terms therein; and

(b) the Licence Agreement with Langham International, whereby Langham International, an indirect wholly-owned subsidiary of GE Holdings, has agreed to grant to Shanghai Li Xing a non-exclusive and non-transferable licence to use the "Langham" and other marks for the operation of Langham Xintiandi Hotel during the term of the Hotel Management Agreement.

B. Reasons for and benefits of the Langham Xintiandi Hotel Related Transactions

As stated in the letter from the Board in the Circular, the Langham Xintiandi Hotel Related Agreements are related to the daily operations of Langham Xintiandi Hotel and have been entered into prior to the proposed acquisitions. As Shanghai Li Xing will become a subsidiary of the Company after Completion, the Directors believe that it is important to continue the Langham Xintiandi Hotel Related Transactions in order to maintain and continue the stability of the daily operations of Langham Xintiandi Hotel and also to ensure a smooth integration between the Group and the Target Groups after Completion and therefore it is in the best interest of the Company and Shanghai Li Xing to continue such transactions after Completion.

The continuation of the Langham Xintiandi Hotel Related Transactions is consistent with the Company's recent formation of a joint venture with Langham Hospitality Group Limited, which is knowledgeable and experienced in the development, operation and management of hotels and related complementary services.

C. Justification for a longer duration for the Langham Xintiandi Hotel Related Agreements

Since the term of the Langham Xintiandi Hotel Related Agreements is more than three years, we are also required under Rule 14A.35(1) of the Listing Rules to opine on whether the Langham Xintiandi Hotel Related Agreements, being in excess of three years, is justifiable and to confirm that it is normal business practice for contracts of this type to be of such duration.

As discussed with the management of the Company, we understand that owing to the unique nature of hotel industry, hotel management contracts are commonly long term transactions. A contract of three-year duration is not practical and commercially sensible because from the perspective of the hotel managers, they usually incur substantial initial outlay for the marketing and branding of new hotels and it may take several years to establish systems which fit in particular requirements of the hotels to achieve the desired results. On the other hand, from the perspective of the hotel owners, different hotel mangers may have different requirements, branding and marketing strategies, and standards for the hotels under management. Replacing the hotel managers will require the hotel owners to re-decorate the establishment to the standards and specifications of the new hotel managers. This is an expensive and time consuming exercise and may require a particular establishment to be closed for an extensive period of time for refitting. It is therefore not in the commercial interest of the hotel owners either to change their hotel managers in a frequent manner or to have the hotel managers enter into short term hotel management contracts with the hotel owners.

In addition, having a longer term of more than three years for the Langham Xintiandi Hotel Related Agreements will allow the Group to formulate the long term strategic plan of XTD development, which aims to realize the synergy effect among the hotel business in the PRC.

Therefore, we are of the view that the duration of twenty years of the Langham Xintiandi Hotel Related Agreements is reasonable and justifiable.

D. ***The duration of the Langham Xintiandi Hotel Related Agreements is in normal business practice and in line with similar transactions***

It is not unusual for hotel management companies in the market to enter into long term management contracts which have tenure of twenty years or more and are renewable for a period of more than ten years. Set out below are examples of the hotel management contracts with long term tenure of the companies listed on the Stock Exchange:

Table 12: Market comparables with management contracts over 3 years

Company	**Tenure**	**Date of Announcement**	**Hotel**	**Location**
Shui On Land Limited *(stock code:272)*	15 years, may extend for multiple terms of 5 years each	22 August 2011	88 Tiandi Hotels	Shanghai Dalian Wuhan Foshan Chongqing
New World China Land Ltd *(stock code: 917)*	20 years, renewal every 10 years thereafter	1 February 2010	New World Hotel Shunde	Guangdong, PRC
New World China Land Ltd *(stock code: 917)*	20 years, renewal every 10 years thereafter	10 January 2008	Jing Guang New World Hotel	Beijing, PRC
The Hong Kong and Shanghai Hotels, Limited *(stock code: 45)*	30 years, automatic renewal for another 20 years	20 January 2009	Construction of the hotel not yet completed	Paris, France

Company	Tenure	Date of Announcement	Hotel	Location
Regal Hotels International Holdings Limited *(stock code: 78)*	20 years	19 March 2007	5 hotels under the Regal brand name	Hong Kong
Kerry Properties Limited *(stock code: 683)*	20 years, renewable for a term of 10 years	30 May 2006	The Kerry Centre Hotel, Beijing	Beijing, PRC

Source: website of the Stock Exchange

As illustrated in Table 12 above, the term of the above management contracts which ranges from fifteen to thirty years and is renewable for a period from five to twenty years. Therefore, we are of the view that the duration of the Langham Xintiandi Hotel Related Agreements is justifiable and it is normal business practice of this type to be of such duration.

RECOMMENDATION

Having considered the above, we are of the view that the Transaction is on normal commercial terms, was entered into in line with the business strategies of the Company, fair and reasonable, and in the interests of the Company and the Shareholders as a whole. And the term of the Langham Xintiandi Hotel Related Agreements, being in excess of three years, is justifiable and that it is normal business practice for contracts of this type to be of such duration.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders and we recommend the Independent Shareholders to vote in favor of the resolutions, which will be proposed in the EGM to approve the Transaction.

Yours faithfully,
For and on behalf of
Platinum Securities Company Limited

Ian Ramsay
Director and Head of Corporate Finance

Lenny Li
Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular 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) Long position in the Shares and the underlying Shares

	Number of Ordinary Shares			Interests in the underlying Shares			
Name of Directors	**Personal interests**	**Family interests**	**Other interests**	**Share Options *(Note 4)***	**Other Equity Derivatives**	**Total**	**Approximate percentage of interests to the issued share capital of the Company at the Latest Practicable Date *(Note 6)***
Mr. Vincent LO	—	1,333,430 *(Note 1)*	3,266,796,897 *(Note 2)*	—	276,182,711 *(Note 5)*	3,544,313,038	68.00%
Mr. Freddy C. K. LEE	286,000	208,500 *(Note 3)*	—	5,080,009 *(Note 3)*	—	5,574,509	0.10%
Dr. William K. L. FUNG	4,133,593	—	—	—	—	4,133,593	0.08%
The Honourable LEUNG Chun Ying	—	—	—	500,000	—	500,000	0.01%
Sir John R. H. BOND	—	—	—	500,000	—	500,000	0.01%
Dr. Edgar W. K. CHENG	—	—	—	500,000	—	500,000	0.01%
Professor Gary C. BIDDLE	220,000	—	—	500,000	—	720,000	0.01%
Dr. Roger L. McCARTHY	—	—	—	500,000	—	500,000	0.01%
Mr. David J. SHAW	—	—	—	500,000	—	500,000	0.01%

Notes:

(1) These Shares were beneficially owned by Ms. Loletta CHU ("Mrs. Lo"), the spouse of Mr. Vincent LO. Mr. Vincent LO was deemed to be interested in such Shares under Part XV of the SFO.

(2) These Shares were beneficially owned by SOCL through its controlled corporations, comprising 1,411,712,352 Shares, 1,717,614,889 Shares and 137,469,656 Shares held by Shui On Properties Limited ("SOP"), SOI and New Rainbow Investments Limited ("NRI") respectively. SOCL is owned by the Bosrich Unit Trust, the trustee of which is Bosrich Holdings (PTC) Inc. ("Bosrich"). The units of the Bosrich Unit Trust are the property of a discretionary trust, of which Mr. Vincent LO is a discretionary beneficiary and HSBC International Trustee Limited ("HSBC Trustee") is the trustee. Accordingly, Mr. Vincent LO, Mrs. Lo, Bosrich and HSBC Trustee were deemed to be interested in such Shares under Part XV of the SFO. The 1,717,614,889 Shares held by SOI include SOI's interests in 613,529,412 Initial Consideration Shares which will be issued by the Company to the Sellers' Group upon Completion, the details of which have been set out in this circular.

(3) Mr. Freddy C. K. LEE was deemed to be interested in 208,500 Shares and 948,889 share options held by his spouse under Part XV of the SFO.

(4) These represent the interests of share options granted to the Directors and/or their respective associate(s) under the share option scheme adopted by the Company on 8 June 2007 to subscribe for Shares.

(5) Chester International Cayman Limited ("Chester International") was taken to be interested in 276,182,711 Shares as a result of the equity swap transactions entered into between Chester International as equity swap receiver and Standard Chartered Bank, Singapore Branch as equity swap payer on 7 September 2010 and 8 September 2010 respectively. Chester International is a direct wholly-owned subsidiary of SOI. Accordingly, Mr. Vincent LO was deemed to be interested in such shares under Part XV of the SFO.

(6) These percentages have been compiled based on the total number of issued Shares (i.e. 5,211,587,981 Shares) at the Latest Practicable Date.

(b) Interests in the debentures of the associated corporation of the Company

Name of Director	Name of Associated Corporation	Nature of Interests	Amount of Debentures
Sir John R. H. BOND	Shui On Development (Holding) Limited	Personal	RMB5,000,000

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 2010 (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, saved as disclosed in this circular, 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) Shareholders' Interests in Securities

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) who, at the Latest Practicable Date, had an interest or short position in the Shares or underlying Shares 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 shareholders	**Capacity/Nature of interests**	**Total number of ordinary Shares and underlying Shares**	**Approximate percentage of interest to the issued share capital of the Company at the Latest Practicable Date** ***(Note 6)***
Mrs. Lo	Family and Personal	3,544,313,038 (L) *(Notes 1 & 3)*	68.00%
HSBC Trustee	Trustee	3,542,979,608 (L) 613,529,412 (S) *(Notes 2, 3 & 4)*	67.98% 11.77%
Bosrich	Trustee	3,542,979,608 (L) *(Notes 2 & 3)*	67.98%
SOCL	Interests of controlled corporation	3,542,979,608 (L) *(Notes 2 & 3)*	67.98%
Chester International	Beneficial Owner	276,182,711 (L) *(Note 3)*	5.30%
Standard Chartered PLC	Interests of Controlled Corporation	299,214,305 (L) 298,861,956 (S) *(Notes 4 & 5)*	5.74% 5.73%

Notes:

(1) In respect of such Shares, 3,268,130,327 Shares were comprised of 1,333,430 Shares beneficially held by Mrs. Lo and 3,266,796,897 Shares in which Mr. Vincent LO, the spouse of Mrs. Lo, had a deemed interest under Part XV of the SFO mentioned in note (2) below. Accordingly, Mrs. Lo was also deemed to be interested in 3,266,796,897 Shares under Part XV of the SFO.

(2) In respect of such Shares in the long position, 3,266,796,897 Shares were beneficially owned by SOCL through its controlled corporations, comprising 1,411,712,352 Shares, 1,717,614,889 Shares and 137,469,656 Shares held by SOP, SOI and NRI respectively. SOCL is owned by the Bosrich Unit Trust, the trustee of which is Bosrich. The units of the Bosrich Unit Trust are the property of a discretionary trust, of which Mr. Vincent LO is a discretionary beneficiary and HSBC Trustee is the trustee. Accordingly, Mr. Vincent LO, Mrs. Lo, Bosrich and HSBC Trustee were deemed to be interested in such Shares under Part XV of the SFO. The 1,717,614,889 Shares held by SOI include SOI's interests in 613,529,412 Initial Consideration Shares which will be issued by the Company to the Sellers' Group upon Completion, the details of which have been set out in the circular.

(3) Chester International was taken to be interested in 276,182,711 Shares as a result of the equity swap transactions entered into between Chester International as equity swap receiver and Standard Chartered Bank, Singapore Branch as equity swap payer on 7 September 2010 and 8 September 2010 respectively. Chester International is a direct wholly-owned subsidiary of SOI. Accordingly, each of Mrs. Lo, HSBC Trustee, Bosrich and SOCL was deemed to be interested in such Shares under Part XV of the SFO.

(4) (L) represents long positions and (S) represents short positions.

(5) The interests are held by Standard Chartered Bank, which is wholly owned by Standard Chartered Holdings Limited, which is in turn ultimately owned by Standard Chartered PLC. Standard Chartered Bank was in a long position of 299,214,305 Shares and a short position of 298,861,956 Shares (within which the short position consisting of 298,861,956 Shares and long position of 180,260,029 Shares are derived from the interest in equity derivatives).

(6) These percentages have been compiled based on the total number of issued Shares (i.e. 5,211,587,981 Shares) at the Latest Practicable Date.

(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%
Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd.	Shanghai Yang Pu Centre Development Company Limited	13.20%
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%
Mitsui Fudosan Residential Co. Ltd.	Many Praises Dalian Limited	30%

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. Vincent LO is the Chairman 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. Vincent LO pursuant to which SOCL and Mr. Vincent 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. Vincent LO is also the chairman and controlling shareholder of SOCAM Development Limited (formerly known as Shui On Construction and Materials Limited) 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
Platinum	A licensed corporation under the SFO licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Savills	Property Valuer

Both Platinum and Savills have given and have not withdrawn its written consent to the issue of this circular with the inclusion of its respective letter and references to its name in the form and context in which it appears.

7. EXPERT'S INTEREST

At the Latest Practicable Date, Platinum and Savills:

(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 2010, 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 2010, 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 1712-1716, 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 KY1-9005, 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 21 October 2011:

(a) the Agreement;

(b) the "Letter from the Independent Board Committee" as set out in this circular;

(c) the "Letter of Advice from the Independent Financial Adviser" as set out in this circular;

(d) the valuation reports dated 6 October 2011 prepared by Savills as set out in Appendices II and III; and

(e) the letter of consent from each of Platinum and Savills referred to in paragraph 6 of this Appendix I.

The following is the text of a letter and valuation certificate, prepared for inclusion in this circular, received from Savills Valuation and Professional Services Limited, an independent valuer, in connection with their valuation as of 31 July 2011 of the property of the Group.

The Directors
Shui On Land Limited
34/F, Shui On Centre
6-8 Harbour Road
Wan Chai
Hong Kong

Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T: (852) 2801 6100
F: (852) 2530 0756

EA LICENCE: C-023750
savills.com

6 October 2011

Dear Sirs,

RE: PORTION OF NO. 333 HUAIHAI MIDDLE ROAD, LUWAN DISTRICT (NOW RENAMED AS HUANGPU DISTRICT), SHANGHAI, THE PEOPLE'S REPUBLIC OF CHINA ("Shui On Plaza")

In accordance with the instructions from Shui On Land Limited (the "Company") for us to value Shui On Plaza situated in the People's Republic of China (the "PRC") and held by Shanghai Jiu Hai Rimmer Properties Co., Ltd. (上海九海利盟房地產有限公司), we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of Shui On Plaza as at 31 July 2011 ("Valuation Date") for public circular purpose.

Our valuation of Shui On Plaza is our opinion of its market value 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, joint ventures, management agreements, 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 the costs of sale and purchase, and without offsetting any associated taxes.

We have valued Shui On Plaza by making reference to comparable market transactions and where appropriate, on the basis of capitalization of the rental incomes derived from the existing tenancies with due allowance for reversionary income potential of Shui On Plaza.

We have been provided with copies of extracts of title documents relating to Shui On Plaza . However, we have not searched the original documents to ascertain the existence of any amendments which may not appear on the copies provided to us. In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Company and its PRC's legal adviser, Jin Mao PRC Lawyers, on the title to Shui On Plaza . We have also accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on the information provided by the Company and are therefore approximations only. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us, which is material to our valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

We have inspected Shui On Plaza externally and did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether Shui On Plaza is free from rot, infestation or any other defects. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on Shui On Plaza or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that Shui On Plaza is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Our valuation is prepared in accordance with the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors.

Unless otherwise stated, all money amounts are stated in Renminbi.

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited

Anthony C.K. Lau
MRICS MHKIS RPS(GP)
Director

Note: Anthony C.K. Lau is a qualified valuer and has over 18 years' experience in the valuation of properties in Hong Kong and the PRC.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2011
Portion of No. 333 Huaihai Middle Road, Luwan District (now renamed as Huangpu District), Shanghai, PRC	No. 333 Huaihai Middle Road (the "Development") comprises a 17-storey office tower erected over a 6-storey retail podium plus a 2-level basement for retail use. Part of Levels 3 to 7 of the Development are designated for car parking uses. The Development was completed in 1996 and is erected on a site with an area of approximately 7,958 sq.m. Shui On Plaza comprises the majority portion of the Development with a total gross floor area of approximately 65,814.73 sq.m., the breakdown of which is as follows: **Use** — **Approximate gross floor area** *(sq.m.)* Retail — 27,727.81 Office — 29,860.03 Car Parking Space — 8,226.89 **Total** — **65,814.73** The land use rights of Shui On Plaza have been granted for a term commencing on 11 November 1994 and expiring on 10 November 2044 for comprehensive building use.	According to the information provided by the Company, the office portion of Shui On Plaza with a total leasable area of approximately 29,756.83 sq.m. is let under various tenancies for various terms with the latest one expiring in December 2015 yielding a total monthly rental of about RMB7,857,941 exclusive of management fee. The retail portion of Shui On Plaza with a total leasable area of approximately 22,464.75 sq.m. is subject to a tenancy expiring in February 2017 yielding a monthly rental of about RMB4,534,280 exclusive of management fee.	RMB3,098,000,000

Notes:

1. Pursuant to the Shanghai Certificate of Real Estate Ownership Hu Fang Di Shi Zi (1997) No. 000461 dated 18 February 1997, the land use rights of Shui On Plaza with a site area of approximately 7,958 sq.m. and the building ownership with a total gross floor area of 77,067.72 sq.m. are vested in Shanghai Jiu Hai Rimmer Properties Co., Ltd. for a term due to expire on 10 November 2044 for comprehensive building use.

2. Pursuant to the Certificate of Registration of Real Estate of Shanghai Municipality, Shui On Plaza is subject to a mortgage in favour of Hongkong and Shanghai Banking Co., Ltd. Shanghai Branch at a loan amount of HK$100,000,000 for a period from 27 January 2011 to 26 July 2014.

3. We have been provided with a legal opinion on the title to Shui On Plaza issued by the Company's PRC legal adviser, which contains, inter alia, the following information:

   i. Although no documentary evidence of settlement of the land premium can be produced, Shanghai Jiu Hai Rimmer Properties Co., Ltd is able to confirm that such land premium has been paid in full as evidenced by way of producing, among other things, the Certificate of Real Estate Ownership without lien or encumbrance. The Company's PRC legal adviser is satisfied that the land premium has been paid in full by Shanghai Jin Hai Rimmer Properties Co., Ltd. and, as confirmed by Shanghai Housing and Land Administration Bureau, that the failure of Shanghai Jiu Hai Rimmer Properties Co., Ltd. to produce any documentary evidence of settlement of the land premium will not cause any adverse effect or other legal risks. Shanghai Jiu Hai Rimmer Properties Co., Ltd legally obtains the land use rights and building ownership rights of Shui On Plaza and is entitled to use, transfer, lease, mortgage or otherwise dispose of Shui On Plaza;

   ii. Apart from the mortgage as stated in Noted 2 above, Shui On Plaza is not subject to any other encumbrances or seizures; and

   iii. Shanghai Jiu Hai Rimmer Properties Co., Ltd. is in process of renewing or completing the registration of some of the tenancies. Upon the submission of documents as required by Shanghai Real Estate Registration Office, there exists no legal impediment for Shanghai Jiu Hai Rimmer Properties Co., Ltd. to register the tenancies. At the same time, the PRC legal adviser of the Company confirmed that the validity of the tenancies and the business operation of Shanghai Jiu Hai Rimmer Properties Co., Ltd. will not be affected and there exits no risk for Shanghai Jiu Hai Rimmer Properties Co., Ltd. being penalized due to the non-registration of the tenancies.

The following is the text of a letter and valuation certificate, prepared for inclusion in this circular, received from Savills Valuation and Professional Services Limited, an independent valuer, in connection with their valuation as of 31 July 2011 of the property of the Group.

The Directors
Shui On Land Limited
34/F., Shui On Centre
6-8 Harbour Road
Wan Chai
Hong Kong

savills
第一太平戴維斯

Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T: (852) 2801 6100
F: (852) 2530 0756

EA LICENCE: C-023750
savills.com

6 October 2011

Dear Sir,

RE: LANGHAM XINTIANDI HOTEL, LOT 108 (4/1 QIU, JIEFANG 108, HUAIHAI MIDDLE ROAD), LUWAN DISTRICT (NOW RENAMED AS HUANGPU DISTRICT), SHANGHAI, THE PEOPLE'S REPUBLIC OF CHINA ("Langham Xintiandi Hotel")

In accordance with the instructions from Shui On Land Limited (the "Company") for us to value Langham Xintiandi Hotel situated in the People's Republic of China (the "PRC") and held by Shanghai Li Xing Hotel Co., Ltd. ("Shanghai Li Xing"), we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of Langham Xintiandi Hotel as at 31 July 2011 ("Valuation Date") for public circular purpose.

Our valuation of Langham Xintiandi Hotel is our opinion of its market value 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 knowledgably, 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 any estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. Furthermore, the market value of a property is also assessed disregarding the costs of sale and purchase and any taxes associated with the disposal of Langham Xintiandi Hotel.

We have valued Langham Xintiandi Hotel by making reference to comparable market transactions as available in the markets.

We have been provided with copies of extracts of title documents relating to Langham Xintiandi Hotel. However, we have not searched the original documents to ascertain the existence of any amendments which do not appear on the copies handed to us. We have relied to a considerable extent on the information given by the Company and its PRC's legal adviser, Jin Mao PRC Lawyers, on the title to Langham Xintiandi Hotel. We have also accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, site and floor areas and all other relevant matters. All dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised by you that no material facts have been omitted from the information provided.

We have inspected the exterior and where possible, the interior of Langham Xintiandi Hotel. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether Langham Xintiandi Hotel is free from rot, infestation or any other defects. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on Langham Xintiandi Hotel valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that Langham Xintiandi Hotel is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Our valuation is prepared in accordance with the requirements contained in Chapter 5 and Practice 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors.

Unless otherwise stated, all money amounts are stated in Renminbi. ("RMB")

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Anthony C.K. Lau
MRICS MHKIS RPS(GP)
Director

Note: Anthony C.K. Lau is a qualified valuer and has over 18 years' experience in the valuation of properties in Hong Kong and the PRC.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2011
Langham Xintiandi Hotel, Lot 108 (4/1 Qiu, Jiefang 108, Huaihai Middle Road), Luwan District (now renamed as Huangpu District), Shanghai, PRC	Langham Xintiandi Hotel comprises a 26-storey (including mezzanine floors) hotel building erected on a 5-level basement, which is erected on a site with an area of approximately 5,649.60 sq.m. It was completed in 2010. Langham Xintiandi Hotel accommodates retail pavilion and restaurants on Levels 1 and 2; spa facilities on Level 3; Ballroom and function rooms on Levels 4 and 5; 357 guest rooms on Levels 5 to 24. Basement Levels 1 and 2 accommodate recreational facilities such as spa, gymnasium and indoor swimming pool; office in Basement Level 3, and car parking spaces in Basement Levels 4 and 5. The total gross floor area of Langham Xintiandi Hotel is approximately 53,795.11 sq.m., the breakdown of which is as follows:	Langham Xintiandi Hotel is operated as a hotel.	RMB1,997,000,000

	Approximate Gross Floor Area *(sq.m.)*
Aboveground	33,986.11
Underground	19,809.00
Total	53,795.11

The land use rights of Langham Xintiandi Hotel have been granted for a term due to expire on 24 February 2042 for composite use.

Notes:

1. Pursuant to the Certificate of Real Estate Ownership Hu Fang Di Lu Zi No. (2005) Di 002859 issued by Shanghai Housing and Land Resources Administration Bureau on 28 March 2005, the land use rights of Langham Xintiandi Hotel with a site area of 5,650 sq.m. have been granted to Shanghai Li Xing for a term due to expire on 24 February 2042 for composite use.

2. Pursuant to the Certificate of Registration of Real Estate of Shanghai Municipality (Lu 200603002181), Langham Xintiandi Hotel together with Lot 107 are subject to a mortgage in favour of CITIC Ka Wah Bank Limited and Fubon Bank, Hong Kong for a loan amount of US$117,000,000.

3. Pursuant to Construction Land Planning Permit Hu Lu Di No.(2005) 03050927E01309 issued by Shanghai Luwan District Municipal Planning Bureau on 29 September 2005, the land situated on Lots 107 and 108 Jiefang Luwan District with the area being 10,244 sq. m. was granted to Shanghai Li Xing for composite use.

4. Pursuant to six Construction Works Planning Permits all issued by Shanghai Luwan Municipal Planning Bureau, the construction works with a total construction scale of 55,208.1sq.m. are approved to be constructed. Details of the permits are as follows:

Certificate no.	**Type of construction**	**Issuance date**	**Construction scale** *(sq.m.)*
Hu Lu Jian (2005) 03051201F03026	Foundation works	1 December 2005	N/A
Hu Lu Jian (2005) 03051222F03293	Basement construction works	22 December 2005	19,809.00
Hu Lu Jian (2007) 03070330F00862	Basement connection works	30 March 2007	996.00
Hu Lu Jian (2007) 03070830F02452	Skywalk construction works	30 August 2007	402.00
Hu Lu Jian (2007) 03070205F00327	Aboveground construction works	5 February 2007	34,001.10

5. Pursuant to a Notice of Acceptance of Amendment on the Construction Works Planning Permit Lu Gui Tu (2011) No. 14, the total aboveground gross floor area as stated in the Construction Works Planning Permit Hu Lu Jian (2007) 03070205F00327 is changed from 34,001.10 sq.m. to 33,986.11 sq.m.

6. Pursuant to the five Construction Works Commencement Permits all issued by Shanghai Construction Industry Administrative Office, the construction works with a total construction scaled of 55,208 sq.m. are approved to be constructed. Details of the permits are as follows:

Certificate no.	**Type of construction**	**Issuance date**	**Construction scale** *(sq.m.)*
0401LW0001D01310103200403253501	Lots 107 & 108	2 November 2005	N/A
0401LW0001D02310103200403253501	Foundation works of Lot 108	13 December 2005	N/A
0401LW0001D04310103200403253501	Basement construction works of Lot 108	25 January 2006	19,809.00
0401LW0001D06310103200403253501	Main building and ancillary building construction works of Lot 108	11 March 2007	34,001.00
0702LW0026D01310103200707122319	Basement connection and skywalk construction works	6 September 2007	1,398.00

7. We have been provided with a legal opinion on the title to Langham Xintiandi Hotel issued by the Company's PRC legal adviser, which contains, inter-alia, the following information:

   i. Shanghai Li Xing has paid all the land premium and legally obtains the land use rights of Langham Xintiandi Hotel and is entitled to use, transfer, lease, mortgage or otherwise dispose of the land of Langham Xintiandi Hotel;

ii. Shanghai Li Xing has obtained the necessary construction land planning permit, construction works planning permits and construction works commencement permits and is entitled to use, transfer, lease, mortgage or otherwise dispose of the works under construction of Langham Xintiandi Hotel. Apart from the mortgage as stated in Noted 2 above, Langham Xintiandi Hotel is not subject to any other encumbrances or seizures; and

iii. Upon Final Examination of the construction works of Langham Xintiandi Hotel, Shanghai Li Xing can apply for the Certificate of Real Estate Ownership according to the law.

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)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "**EGM**") of Shui On Land Limited (the "**Company**") will be held at Peacock Room, 1st Floor, Mandarin Oriental Hotel, 5 Connaught Road, Central, Hong Kong, on Monday, 31 October 2011 at 3:30 p.m. for the purpose of considering, and if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company (unless otherwise indicated, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 6 October 2011 (the "**Circular**")):

ORDINARY RESOLUTION

"THAT:

(a) the Agreement and the Transactions, including but not limited to the allotment and issue of the Initial Consideration Shares and Additional Consideration Shares (if any), be and are hereby approved, confirmed and ratified;

(b) subject to completion of the Transactions and subject also to the obtaining of the approval for the listing of and permission to deal in the Initial Consideration Shares or the Additional Consideration Shares (as the case may be) from the Stock Exchange, the Directors be and are hereby granted a specific mandate to allot and issue, in each case credited as fully paid, the Initial Consideration Shares, being 613,529,412 ordinary Shares with nominal value of USD0.0025 each in the share capital of the Company and the Additional Consideration Shares (if any) in accordance with the terms and conditions of the Agreement. For the avoidance of doubt, the specific mandate is in addition to, and shall not prejudice nor revoke, any general mandate which has been granted to the Directors prior to the passing of this resolution; and

(c) the Directors be and are hereby authorised to do all such acts and things and execute such documents and take all steps which in his/their opinion may be necessary, desirable or expedient to implement and/or give effect to the Agreement and all other transactions contemplated thereunder with any changes as such Director(s) may consider necessary, desirable or expedient."

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

Hong Kong, 6 October 2011

Notes:

(1) Any member entitled to attend and vote at the EGM 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 of the EGM 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 EGM or any adjourned meeting thereof should he so wish.

(3) The register of members will be closed from 21 October 2011 to 31 October 2011 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote and the EGM to be held on 31 October 2011, members are reminded to ensure that all transfers documents accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shop 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 20 October 2011.

(4) The ordinary resolution as set out above will be taken by way of poll.

At the date of this notice, the executive Directors are Mr. Vincent H. S. LO (Chairman), Mr. Freddy C. K. LEE (Chief Executive Officer) and Mr. Daniel Y. K. WAN; the non-executive Directors are The Honourable LEUNG Chun Ying and Mr. Frankie Y. L. WONG; and the independent non-executive Directors 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.