
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this prospectus or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shui On Land Limited (the “Company”), you should at once hand this prospectus and the accompanying PAL (as defined) and EAF (as defined) to the purchaser(s) or transferee(s) or to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

A copy of this prospectus, together with copies of the PAL and the EAF, and (where applicable) the documents specified in the paragraph headed “Documents Delivered to the Registrars of Companies” in Appendix III to this prospectus have been registered by the Registrar of Companies in Hong Kong as required under Section 342C of the Companies Ordinance (as defined). The Registrar of Companies in Hong Kong and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of any of these documents.

Subject to the granting of the listing of, and permission to deal in, the Nil Paid Rights (as defined) and the Rights Shares (as defined) on the Stock Exchange (as defined) as well as compliance with the stock admission requirements of HKSCC (as defined), the Nil Paid Rights and the Rights Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS (as defined) with effect from the respective commencement dates of dealings in the Nil Paid Rights and the Rights Shares or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

Dealing in securities of the Company, the Nil Paid Rights and the Rights Shares may be settled through CCASS and you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Shareholders with registered addresses in any of the Specified Territories and Shareholders or Beneficial Owners who are residents of the Specified Territories should refer to the paragraphs headed “Non-Qualifying Shareholders” in the section headed “Letter from the Board” of this prospectus.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of this prospectus, the PAL and the EAF, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of any of these documents.

The securities described in this prospectus have not been registered under the US Securities Act (as defined) or the laws of any state in the United States (as defined), and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the US Securities Act and applicable state laws. There is no intention to register any portion of the Rights Shares or any securities described in this prospectus in the United States or to conduct a public offering of securities in the United States.

Distribution of this prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession this prospectus comes should inform themselves of and observe any such restrictions. This prospectus is not for release, publication or distribution, directly or indirectly, in or into the United States. This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Nil Paid Rights or Rights Shares or to take up any entitlements to the Nil Paid Rights or Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.



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)

**RIGHTS ISSUE OF 2,000,431,547 RIGHTS SHARES
AT THE SUBSCRIPTION PRICE OF HK\$1.84 EACH
ON THE BASIS OF ONE RIGHTS SHARE
FOR EVERY THREE EXISTING SHARES HELD ON THE RECORD DATE
PAYABLE IN FULL ON ACCEPTANCE**

Joint Underwriters of the Rights Issue

(in alphabetical order)



BNP PARIBAS
CORPORATE & INVESTMENT BANKING



UOB Kay Hian
大華繼顯

The latest time for acceptance of, and payment for, the Rights Shares is 4:00 p.m. on Monday, 13 May 2013. The procedures for acceptance and payment or transfer of the Rights Shares are set out in the paragraphs headed “Procedures for Acceptance and Payment or Transfer” in the section headed “Letter from the Board” on pages 21 to 31 of this prospectus.

It should be noted that the Joint Underwriters may, upon giving notice in writing to the Company, terminate the Underwriting Agreement (as defined) with immediate effect at any time prior to the Latest Time for Termination, upon the occurrence of certain events, including force majeure events. These events are set out in the section headed “Termination of the Underwriting Agreement” on pages 10 to 12 of this prospectus. If the Joint Underwriters exercise such right, the Rights Issue will not proceed. Upon the giving of written notice of termination, all the obligations of the Joint Underwriters and the Company under the Underwriting Agreement shall terminate forthwith and no party shall have any claim against any other for costs, damages, compensation or otherwise (save in respect of certain rights and obligations under the Underwriting Agreement, including rights of the parties thereto in respect of any antecedent breach).

Shareholders should note that the existing Shares have been dealt in on an ex-rights basis from Thursday, 18 April 2013. If, prior to the Latest Time for Termination, the Joint Underwriters terminate the Underwriting Agreement or if the conditions of the Rights Issue as set out in the paragraph headed “Conditions of the Rights Issue and the Underwriting Agreement” in the section headed “Letter from the Board” of this prospectus are otherwise not fulfilled, the Rights Issue will not proceed.

Any dealings in the Shares from the date of this prospectus up to the time at which the Rights Issue becomes unconditional, which is currently expected to be before 5:00 p.m. on Thursday, 16 May 2013, and any dealings in the Nil Paid Rights from Tuesday, 30 April 2013 to Wednesday, 8 May 2013 (both days inclusive) are accordingly subject to the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the Nil Paid Rights, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

* For identification purpose only

26 April 2013

NOTICES

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the Underwriting Agreement does not become unconditional or is terminated in accordance with its terms, then the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time. It should be noted that the existing Shares have been dealt in on an ex-rights basis from Thursday, 18 April 2013, and the Nil Paid Rights will be dealt in from Tuesday, 30 April 2013 to Wednesday, 8 May 2013 (both days inclusive). Such dealings will take place when the conditions of the Rights Issue remain unfulfilled. Any person dealing in the securities of the Company up to the time at which the Rights Issue becomes unconditional and any person dealing in the Nil Paid Rights from Tuesday, 30 April 2013 to Wednesday, 8 May 2013 (being the first and last days of dealings in the Nil Paid Rights) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the Nil Paid Rights, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

EXCEPT AS OTHERWISE SET OUT IN THIS PROSPECTUS, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO SHAREHOLDERS, BENEFICIAL OWNERS OR INVESTORS IN THE SPECIFIED TERRITORIES. This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Nil Paid Rights or the Rights Shares or to take up any entitlements to the Nil Paid Rights or the Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. None of the Nil Paid Rights, the Rights Shares, this prospectus, the PAL and the EAF will be registered under the securities laws of any of the Specified Territories and none of the Nil Paid Rights, the Rights Shares, this prospectus, the PAL and the EAF will qualify for distribution under any of the relevant securities laws of any of the Specified Territories (other than pursuant to any applicable exceptions as agreed by the Company). Accordingly, the Nil Paid Rights and the Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any of the Specified Territories absent registration or qualification under the respective securities laws of such Specified Territories, or exemption from the registration or qualification requirement under applicable rules of such Specified Territories.

Shareholders with registered addresses in any of the Specified Territories and Shareholders or Beneficial Owners who are residents of the Specified Territories should refer to the paragraphs headed “Non-Qualifying Shareholders” in the section headed “Letter from the Board” of this prospectus.

Each person acquiring the Nil Paid Rights and/or Rights Shares under the Rights Issue will be required to confirm, or be deemed by his/her/its acquisition of the Nil Paid Rights and/or Rights Shares to confirm, that he/she/it is aware of the restrictions on offers and sales of the Nil Paid Rights and/or Rights Shares described in this prospectus.

For a description of certain restrictions regarding the taking up of the Nil Paid Rights for, and the offering and sale of, the Rights Shares, see the notices below.

NOTICES

NOTICE TO OVERSEAS INVESTORS

AUSTRALIA

This prospectus is not a disclosure document for the purposes of Chapter 6D of the Corporations Act 2001 (Cth) (the “**Australian Corporations Act**”) (“**Disclosure Document**”). Neither this prospectus nor any other document in relation to the Nil Paid Rights and/or the Rights Shares has been, or needs to be, lodged with the Australian Securities and Investments Commission. This prospectus does not purport to include the information required of a Disclosure Document.

An offer of Nil Paid Rights and/or Rights Shares is made in Australia only to persons who are professional or sophisticated investors and to whom it is lawful to offer Nil Paid Rights and/or Rights Shares without disclosure in accordance with section 708 of the Australian Corporations Act (an “**Exempt Person**”). By accepting this offer, an offeree represents that the offeree is an Exempt Person. No Nil Paid Rights and/or Rights Shares will be issued or sold in circumstances that would require a Disclosure Document to be issued by the Company to a person in Australia.

The Company is not licensed to provide financial product advice in Australia in relation to the Nil Paid Rights and/or the Rights Shares. This prospectus is intended to provide general information only and has been prepared without taking into account any particular person’s objectives, financial situation or needs. Investors should, before acting on the information contained in this prospectus, consider the appropriateness of this information having regard to their personal objectives, financial situation or individual needs.

CANADA

The Nil Paid Rights and the Rights Shares will not be offered or distributed in Canada except in accordance with an exemption from prospectus requirements applicable in Canada. Any resale of the Nil Paid Rights and/or the Rights Shares by a resident of Canada or to a resident of Canada must be made in accordance with applicable Canadian securities laws. Purchasers are advised to seek legal advice prior to any resale of the Nil Paid Rights and/or the Rights Shares to a Canadian resident.

EUROPEAN ECONOMIC AREA

The information in this prospectus has been prepared on the basis that all offers of shares in any Member State of the European Economic Area (“**EEA**”) which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive (as defined below) from the requirement to publish a prospectus for offers of securities. Accordingly, in relation to each Relevant Member State with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), offers of the Nil Paid Rights and Rights Shares which are the subject of the offering contemplated by this prospectus are not being made and will not be made to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

NOTICES

- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Initial Purchasers for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Nil Paid Rights or Rights Shares shall require the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of the Nil Paid Rights and Rights Shares to the public**” in relation to any Nil Paid Rights and Rights Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Nil Paid Rights and Rights Shares to be offered so as to enable an investor to decide to purchase or subscribe the Nil Paid Rights and Rights Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (as amended, inter alia, by the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State. The expression “**2010 PD Amending Directive**” means Directive 2010/73/EU of 24 November 2010.

JAPAN

The Nil Paid Rights and the Rights Shares have not been and will not be registered under the Financial Instruments and Exchange Law, as amended (the “**FIEL**”). This prospectus is not an offer of securities for sale, directly or indirectly, in Japan or to or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exception from the registration requirements under the FIEL, and otherwise in compliance with, the FIEL and other relevant laws and otherwise in compliance with such law and any other applicable laws, regulations or ministerial guidelines of Japan.

MACAO SPECIAL ADMINISTRATIVE REGION OF THE PRC

The Company has not authorised any offer to the public of Nil Paid Rights or Rights Shares in Macau and no action has been undertaken to make an offer to the public of Rights Shares requiring a publication of a prospectus in Macau. The Nil Paid Rights and/or the Rights Shares are not registered or otherwise authorised for public offer under the Financial System Act of Macau, and thus may not be promoted, distributed, sold, delivered or offered to the public in Macau.

NOTICES

MALAYSIA

This prospectus has not been and will not be registered as a prospectus with the Malaysian Securities Commission (“SC”) under the Capital Markets and Services Act 2007 (“CMSA”). This prospectus will not be deposited as an information memorandum with the SC. Accordingly, this prospectus and any other document or material in connection with the making available, issue or offer for subscription or sale, or invitation to subscribe for or purchase the Nil Paid Rights and/or the Rights Shares shall not be circulated nor distributed in any manner, nor may the Nil Paid Rights and/or the Rights Shares be made available, issued, offered for subscription or sale, or be made the subject of an invitation to subscribe for or purchase, whether directly or indirectly, to any person in Malaysia.

The approval of the SC has not been and will not be sought and, consequently, the Nil Paid Rights and/or the Rights Shares will not be made available, issued or offered for subscription or sale, nor may any invitation to subscribe for or purchase the Nil Paid Rights and/or the Rights Shares, whether directly or indirectly, be issued to any person in Malaysia unless such issue, offer or invitation is exempted from the requirement for the approval of the SC by virtue of Schedule 5 of the CMSA. In accepting this prospectus and/or the Rights Issue, the Shareholder acknowledges and agrees that no such issue, offer or invitation is made in Malaysia.

PRC

This prospectus does not constitute a public offer of the Nil Paid Rights or the Rights Shares, whether by way of sale or subscription, in the PRC. According to relevant PRC laws and regulations, the Nil Paid Rights and/or the Rights Shares are not being offered and may not be offered or sold directly or indirectly in the PRC or to, or for the benefit of, legal or natural persons of the PRC other than qualified institutional investors.

SINGAPORE

The offer of Nil Paid Rights and Rights Shares by the Company is made only to and directed at, and the Nil Paid Rights and Rights Shares are only available to, persons in Singapore who are existing holders of the Shares previously issued by the Company.

This prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Nil Paid Rights and Rights Shares may not be circulated or distributed, nor may the Nil Paid Rights and Rights Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) existing holders of Shares or (ii) pursuant to, and in accordance with, the conditions of an exemption under Subdivision (4), Division I of Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”).

Accordingly, the Company has not offered or sold the Nil Paid Rights and Rights Shares or caused the Nil Paid Rights and Rights Shares to be made the subject of an invitation for subscription or purchase, nor shall it offer or sell the Nil Paid Rights and Rights Shares or cause the Nil Paid Rights and Rights Shares to be made the subject of an invitation for subscription or purchase, nor has it

NOTICES

circulated or distributed nor shall it circulate or distribute this or any other document or material in connection with the offer or sale or invitation for subscription or purchase, of the Nil Paid Rights and Rights Shares, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

SOUTH AFRICA

The Rights Issue is not an offer of shares to the public in terms of the South African Companies Act, 2008 (as amended) (the “**Companies Act**”). Accordingly, this prospectus and any appendices or enclosures thereto do not, nor are they intended to, constitute a prospectus prepared and registered under the Companies Act.

This prospectus is solely for the information of the addressee(s) in South Africa and should not be distributed, published or reproduced (in whole or in part) or disclosed by the recipient(s) to any other persons in South Africa and cannot be acted on or relied on by any person. Accordingly, the Nil Paid Rights and Rights Shares will not be offered to anyone in South Africa.

SWITZERLAND

The Nil Paid Rights and the Rights Shares may not be publicly offered, distributed or redistributed in or from Switzerland and will not be listed on the SIX Swiss Exchange (“**SIX**”) or any other stock exchange or regulated trading facility in Switzerland. This prospectus and any other offering or marketing material relating to the Rights Shares do not constitute a listing prospectus according to the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland or an issue prospectus according to Art. 652a and/or Art. 1156 of the Swiss Code of Obligations (“**CO**”), and, therefore, it has been prepared without regard to the disclosure standards for issuance prospectuses under Art. 652a or Art. 1156 CO or the disclosure standards for listing prospectuses under Art. 27ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. The Nil Paid Rights and Rights Shares are being offered in Switzerland by way of a private placement, without any public advertisement.

This prospectus as well as any other offering or marketing material relating to the Nil Paid Rights and the Rights Shares or the Rights Issue is personal and confidential and does not constitute an offer to any other person. Neither this prospectus nor any other offering or marketing material relating to the Nil Paid Rights and the Rights Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland. Neither this prospectus nor any other offering or marketing material relating to the Rights Issue, the Company or the Nil Paid Rights and the Rights Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this prospectus will not be filed, and the offer of Nil Paid Rights and Rights Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (“**FINMA**”), and the offer of Nil Paid Rights and Rights Shares has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes (“**CISA**”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Nil Paid Rights and Rights Shares.

NOTICES

TAIWAN

The Nil Paid Rights and/or Rights Shares have not been and will not be registered with the Financial Supervisory Commission and any other competent authorities of Taiwan pursuant to relevant laws and regulations of Taiwan and may not be offered or sold in Taiwan unless otherwise registered or permitted under Taiwan Law. No individual or entity in Taiwan has been authorised to offer, sell or otherwise advise on the offer or sale of the Nil Paid Rights and/or Rights Shares in Taiwan.

UNITED ARAB EMIRATES

This prospectus is not intended to constitute an offer, sale or delivery of Nil Paid Rights and the Rights Shares or other securities under the laws of the United Arab Emirates (“UAE”). The Nil Paid Rights and the Rights Shares have not been and will not be registered under Federal Law No. 4 of 2000 Concerning the Emirates Securities and Commodities Authority and the Emirates Security and Commodity Exchange, or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities Market or with any other UAE exchange.

The offer of the Nil Paid Rights and the issue of the Rights Shares and interests therein have not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities in the UAE, and does not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise.

In relation to its use in the UAE, this prospectus is strictly private and confidential and is being distributed to a limited number of investors and it must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The Nil Paid Rights and the Rights Shares may not be offered or sold directly or indirectly to the public in the UAE.

THE UNITED STATES

This prospectus, the PAL, the EAF, the Nil Paid Rights and the Rights Shares have not been and will not be registered under the US Securities Act or securities laws of any state or territory of the United States and may not be offered, sold, taken up, resold, renounced, transferred, delivered, directly or indirectly, in or into the United States, except pursuant to applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of the states or other jurisdiction of the United States. There will be no public offer or sale of Nil Paid Rights and the Rights Shares in the United States.

This prospectus, the PAL, the EAF, the Nil Paid Rights and the Rights Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering, this prospectus, the PAL, the EAF, the Nil Paid Rights and the Rights Shares or the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offence in the United States.

NOTICES

None of this prospectus, the PAL and the EAF constitutes, will constitute, or forms or will form, part of any offer or invitation to issue, purchase or acquire the Nil Paid Rights and/or the Rights Shares to any person with a registered address, or who is located, in the United States. The Nil Paid Rights and the Rights Shares are being offered outside the United States in reliance on Regulation S under the US Securities Act.

In addition, until 40 days after the commencement of the Rights Issue or the procurement of purchasers by the Joint Underwriters of the Rights Shares not initially taken up, any offer, sale or transfer of the Nil Paid Rights or the Rights Shares in or into the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the US Securities Act.

Each purchaser of Nil Paid Rights or subscriber of Rights Shares being offered and sold outside the United States in reliance on Regulation S under the US Securities Act will be deemed (by accepting delivery of this prospectus) to have agreed and given each of the following representations and warranties to the Company and the Joint Underwriters and to any person acting on their behalf, unless in their sole discretion the Company and the Joint Underwriters waive such requirement expressly in writing:

- he/she/it was a Shareholder on the Record Date, or he/she/it lawfully acquired or may lawfully acquire the Nil Paid Rights, directly or indirectly, from such a person;
- he/she/it may lawfully be offered, take up, obtain, subscribe for and receive the Nil Paid Rights and/or the Rights Shares in the jurisdiction in which he/she/it resides or is currently located;
- he/she/it is not resident or located in, or a citizen of, the United States;
- he/she/it is not accepting an offer to acquire or take up the Nil Paid Rights and/or Rights Shares on a non-discretionary basis for a person who is resident or located in, or a citizen of, the United States at the time the instruction to accept was given;
- he/she/it is not taking up for the account of any person who is located in the United States, unless:
 - (a) the instruction to purchase or take up the Nil Paid Rights or to subscribe for or accept Rights Shares was received from a person outside the United States, and
 - (b) the person giving such instruction has confirmed that it (x) has the authority to give such instruction and (y) either (A) has investment discretion over such account or (B) is an investment manager or investment company that is acquiring the Nil Paid Rights and/or the Rights Shares in an “offshore transaction” within the meaning of Regulation S under the US Securities Act;
- he/she/it is acquiring the Nil Paid Rights and/or the Rights Shares in an “offshore transaction” as defined in Regulation S under the US Securities Act;

NOTICES

- he/she/it has not been offered the Rights Shares by means of any “directed selling efforts” as defined in Regulation S under the US Securities Act;
- he/she/it is not acquiring Nil Paid Rights or Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of such Nil Paid Rights or Rights Shares into the United States; and
- he/she/it understands that neither the Nil Paid Rights nor the Rights Shares have been or will be registered under the US Securities Act or with any securities regulatory authority of any state, territory, or possession of the US and the Nil Paid Rights and Rights Shares are being distributed and offered only outside the US in reliance on Regulation S under the US Securities Act. Consequently he/she/it understands the Nil Paid Rights or Rights Shares may not be offered, sold, pledged or otherwise transferred in or into the US, except in reliance on an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act.

Notwithstanding the above, the Company may offer the Nil Paid Rights and Rights Shares in the United States to a limited number of persons whom the Company reasonably believes to be qualified institutional buyers (as defined in Rule 144A of the US Securities Act) in transactions exempt from the registration requirements under the US Securities Act, provided that such persons fulfil relevant requirements to the satisfaction of the Company.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements, including, without limitation, words and expressions such as “expect”, “believe”, “plan”, “intend”, “aim”, “estimate”, “project”, “anticipate”, “seek”, “predict”, “may”, “should”, “will”, “would” and “could” or similar words or statements, in particular, statements in relation to future events, our future financial, business or other performance and development, strategy, plans, objectives, goals and targets, the future development of our industry and the future development of the general economy of our key markets and globally.

These statements are based on numerous assumptions regarding our present and future business strategy and the environment in which we will operate in the future. These forward-looking statements reflect our current views with respect to future events, are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus and with respect to the following:

- changes in laws and PRC governmental regulations, policies and approval processes in the regions where we develop or manage our projects;
- changes in economic, political and social conditions and competition in the cities we operate in, including a downturn in the property markets;
- our business and operating strategies;

NOTICES

- our capital expenditure plans;
- various business opportunities that we may pursue;
- our dividend policy;
- our operations and business prospects;
- our financial condition and results of operations;
- the industry outlook generally;
- our proposed completion and delivery dates for our projects;
- changes in competitive conditions and our ability to compete under these conditions;
- catastrophic losses from fires, floods, windstorms, earthquakes, or other adverse weather conditions, diseases or natural disasters;
- our ability to further acquire suitable sites and develop and manage our projects as planned;
- availability and changes of loans and other forms of financing;
- departure of key management personnel;
- performance of the obligations and undertakings of the independent contractors under various construction, building, interior decoration and installation contracts;
- exchange rate fluctuations;
- currency exchange restrictions; and
- other factors beyond our control.

This list of important factors is not exhaustive. Additional factors including, without limitation, those discussed in the section headed “Risk Factors” of this prospectus could cause the actual results, performance or achievements to differ materially. When evaluating any statement made in this prospectus, you should carefully consider these factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements, which speak only as of the date of this prospectus, will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise any forward-looking statements. You should not place undue reliance on any forward-looking statements.

CONTENTS

	<i>Page</i>
DEFINITIONS	1
EXPECTED TIMETABLE	7
SUMMARY OF THE RIGHTS ISSUE	9
TERMINATION OF THE UNDERWRITING AGREEMENT	10
LETTER FROM THE BOARD	
INTRODUCTION	13
RIGHTS ISSUE	14
UNDERWRITING ARRANGEMENT	31
IRREVOCABLE UNDERTAKING OF THE UNDERTAKING SHAREHOLDER	38
EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY	39
WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL PAID RIGHTS	40
REASONS FOR THE RIGHTS ISSUE	40
USE OF PROCEEDS	41
TAXATION	41
EQUITY FUND RAISING EXERCISE OF THE COMPANY	41
SHAREHOLDERS' APPROVAL NOT REQUIRED FOR RIGHTS ISSUE	41
PUBLIC FLOAT	42
POSSIBLE ADJUSTMENTS TO THE CONVERTIBLE BONDS AND THE SHARE OPTIONS	42
ADDITIONAL INFORMATION	42
RISK FACTORS	43
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III — GENERAL INFORMATION	III-1

DEFINITIONS

In this prospectus, unless the context otherwise requires, capitalised terms used shall have the following meaning:

“Announcement”	the announcement of the Company dated 28 March 2013 in relation to the Rights Issue
“Articles of Association”	the articles of association of the Company
“Associates”	has the meaning defined under the Listing Rules
“Beneficial Owner”	any beneficial owner of Shares whose Shares are registered as shown in the registers of members of the Company in the name of a Registered Shareholder
“BNP Paribas”	BNP Paribas Securities (Asia) Limited, a licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities as defined under the SFO
“Board”	the board of Directors
“Business Day”	any weekday (other than a Saturday or a day on which a tropical cyclone warning signal number 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks generally are open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Participant”	a person admitted by HKSCC as a participant of CCASS
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended and supplemented from time to time
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the main board of the Stock Exchange (stock code: 272)
“connected person(s)”	has the meaning defined under the Listing Rules
“Convertible Bonds”	the RMB-denominated US\$-settled 4.50% convertible bonds due 2015 of an aggregate principal amount of RMB2,720 million issued by the Company on 29 September 2010, which are listed and traded on the Singapore Exchange Securities Trading Limited

DEFINITIONS

“Despatch Date”	Friday, 26 April 2013 or such other date as the Company and the Joint Underwriters may agree in writing for the despatch of the Rights Issue Documents
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) issued to the Qualifying Shareholders in respect of applications for excess Rights Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and any connected person(s) of the Company and who are not connected person(s) of the Company
“Intermediary”	in relation to a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the Beneficial Owner’s broker, custodian, nominee or other relevant person who is a CCASS Participant or who has deposited the Beneficial Owner’s Shares with a CCASS Participant
“Joint Underwriters”	BNP Paribas, Standard Chartered and UOB Kay Hian <i>(in alphabetical order)</i>
“Last Trading Day”	Thursday, 28 March 2013, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of the Announcement
“Latest Acceptance Date”	Monday, 13 May 2013, being the last day for acceptance of, and payment for, the Rights Shares and for application and payment for excess Rights Shares, or such other date as the Company and the Joint Underwriters may agree in writing
“Latest Practicable Date”	Monday, 22 April 2013, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information included in this prospectus
“Latest Time for Acceptance”	the latest time for acceptance of, and payment for, the Rights Shares and for application and payment for excess Rights Shares, which is expected to be 4:00 p.m. on the Latest Acceptance Date

DEFINITIONS

“Latest Time for Termination”	5:00 p.m. on the Business Day following the Latest Acceptance Date or such later date as the Company and the Joint Underwriters may agree in writing
“Listing Committee”	has the meaning defined under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Material Adverse Effect”	a material adverse effect on the financial condition, assets, business, results of operations or liabilities of the Group, taken as a whole, whether or not arising in the ordinary course of business
“Nil Paid Right(s)”	the right(s) to subscribe for Rights Shares (in the form of Rights Shares in nil-paid form) before the Subscription Price is paid
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) and other person(s) whom the Directors, after making relevant enquiries, consider it necessary or expedient not to offer the Rights Shares to on account of either the legal restrictions under the laws of a place outside Hong Kong or the requirements of the relevant regulatory body or stock exchange in that place, as more fully described in the paragraphs headed “Non-Qualifying Shareholders” in the section headed “Letter from the Board” of this prospectus
“Overseas Shareholder(s)”	the Shareholder(s) on the Record Date whose address(es) as shown on the registers of members of the Company is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) issued to the Qualifying Shareholders in respect of their assured entitlements under the Rights Issue
“PRC” or “China”	the People’s Republic of China which, for the purpose of this prospectus, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Qualifying Shareholder(s)”	the Shareholder(s) on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Friday, 19 April 2013, being the date by reference to which entitlements to the Rights Issue were determined

DEFINITIONS

“Registered Shareholder(s)”	in respect of a Beneficial Owner, means a nominee, trustee, depository or any other authorised custodian or third party which is the registered shareholder in the registers of members of the Company of the Shares in which the Beneficial Owner is beneficially interested
“Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s branch share registrar in Hong Kong at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the proposed issue by the Company of the Rights Shares at the Subscription Price on the basis of one Rights Share for every three existing Shares held on the Record Date payable in full on acceptance
“Rights Issue Documents”	this prospectus, the PAL(s) and the EAF(s)
“Rights Share(s)”	the new Share(s) to be allotted and issued under the Rights Issue
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
“Share(s)”	ordinary shares of nominal value of US\$0.0025 each in the capital of the Company
“Shareholder(s)”	duly registered holder(s) of the Shares
“Share Option(s)”	the option(s) to subscribe for Share(s) granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 8 June 2007
“Shui On Group”	the Undertaking Shareholder and its subsidiaries
“SOCAM”	SOCAM Development Limited, a company incorporated under the laws of Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 983)

DEFINITIONS

“Specified Territories”	Australia, the British Virgin Islands, Canada, Malaysia, the PRC, the Republic of the Philippines, South Africa, Taiwan and the United States (and any one of them, a “Specified Territory”)
“Standard Chartered”	Standard Chartered Securities (Hong Kong) Limited, a licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (Asset Management) regulated activities as defined under the SFO
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$1.84 per Rights Share
“taken up/take up/taking up”	the taking up of those Rights Shares and/or the Underwritten Shares in respect of which the relevant PALs and/or EAFs have been lodged and accompanied by cheques or other remittances for the full amount payable in respect thereof
“UOB Kay Hian”	UOB Kay Hian (Hong Kong) Limited, a licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
“US\$” or “USD”	United States dollar, the lawful currency of the United States of America
“US Securities Act”	US Securities Act of 1933, as amended
“Undertaking Letter”	the irrevocable undertaking dated 28 March 2013 from the Undertaking Shareholder to the Company and the Joint Underwriters, as more fully described in the paragraph headed “Irrevocable undertaking of the Undertaking Shareholder” in the section headed “Letter from the Board” of this prospectus
“Undertaking Shareholder”	Shui On Company Limited, a company incorporated under the laws of the British Virgin Islands with limited liability

DEFINITIONS

“Undertaking Shareholder Subsidiaries”	(i) Shui On Investment Company Limited, a company incorporated under the laws of Hong Kong with limited liability, (ii) Shui On Properties Limited, a company incorporated under the laws of Hong Kong with limited liability, (iii) Boswell Limited, a company incorporated under the laws of Jersey with limited liability, (iv) Chester International Cayman Limited, a company incorporated under the laws of the Cayman Islands with limited liability, and (v) Lanvic Limited, a company incorporated under the laws of the Cayman Islands with limited liability
“Underwriting Agreement”	the underwriting agreement dated 28 March 2013 and entered into between the Company, the Joint Underwriters and the Undertaking Shareholder in relation to the Rights Issue
“Underwritten Shares”	the Rights Shares underwritten by the Joint Underwriters pursuant to the terms and conditions of the Underwriting Agreement
“United States” or “US”	the United States of America (including its territories and possessions, any state in the US and the District of Columbia)
“Vested Share Options”	Share Options which have been validly vested to the holders entitling them to subscribe for Shares on or before the Record Date (being Share Options exercisable into a total of 54,909,839 Shares as at the Latest Practicable Date)
“%”	per cent. or percentage

EXPECTED TIMETABLE

EXPECTED RIGHTS ISSUE TIMETABLE

Record Date for determining entitlements under the Rights Issue	Friday, 19 April 2013
Despatch of the Rights Issue Documents	Friday, 26 April 2013
First day for dealings in Nil Paid Rights	Tuesday, 30 April 2013
Latest time for splitting of Nil Paid Rights	4:00 p.m. on Friday, 3 May 2013
Last day for dealings in Nil Paid Rights	Wednesday, 8 May 2013
Latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Monday, 13 May 2013
Rights Issue expected to become unconditional before	5:00 p.m. on Thursday, 16 May 2013
Announcement of results of the Rights Issue to be published on the websites of the Stock Exchange and the Company on or before	Monday, 20 May 2013
Certificates for the Rights Shares expected to be despatched on or around	Tuesday, 21 May 2013
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be posted on or around	Tuesday, 21 May 2013
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Wednesday, 22 May 2013

Note: All times and dates in this prospectus refer to Hong Kong local times and dates. Shareholders should note that the dates or deadlines specified in the Expected Rights Issue Timetable as set out above, and in other parts of this prospectus, are indicative only and may be varied by agreement between the Company and the Joint Underwriters.

If any special circumstances arise, the Board may extend, or make adjustment to, the expected timetable if it considers appropriate. Any such extension or adjustment to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will not take place if there is:

- (a) a tropical cyclone warning signal number 8 or above; or
- (b) a “black” rainstorm warning

in force in Hong Kong at any local time:

- (i) before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. In such event, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (ii) between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. In such event, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 12:00 noon and 4:00 p.m..

If the Latest Time for Acceptance does not take place on the Latest Acceptance Date, the dates mentioned in this section may be affected. The Company will notify the Shareholders by way of announcements of any change to the expected timetable as soon as practicable.

SUMMARY OF THE RIGHTS ISSUE

The following information is derived from, and should be read in conjunction with, and subject to, the full text of this prospectus.

RIGHTS ISSUE

A summary of the Rights Issue is set out below:

Basis of the Rights Issue	:	One Rights Share for every three existing Shares held on the Record Date
Subscription Price	:	HK\$1.84 per Rights Share
Number of Shares in issue	:	6,001,294,642 Shares as at the Record Date
Number of Rights Shares	:	2,000,431,547 Rights Shares
Joint Underwriters	:	BNP Paribas, Standard Chartered and UOB Kay Hian
Enlarged issued share capital upon completion of the Rights Issue	:	8,001,726,189 Shares
Excess applications	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

TERMINATION OF THE UNDERWRITING AGREEMENT

The Joint Underwriters may, by notice in writing to the Company, served prior to the Latest Time for Termination, rescind or terminate the Underwriting Agreement if:

- (1) any matter or circumstance arises as a result of which any of the conditions set out in the Underwriting Agreement has become incapable of satisfaction as at the required time;
- (2) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Joint Underwriters, or there has been a material breach on the part of the Company or the Undertaking Shareholder of any other provisions of the Underwriting Agreement, or the Joint Underwriters have reasonable cause to believe that any such breach has occurred;
- (3) any event occurs or matter arises or is discovered, which, if it had occurred before the date of the Underwriting Agreement or before any time on which the representations, warranties and undertakings are deemed to be given by the Company and the Undertaking Shareholder (as the case may be) would have rendered any of those representations, warranties or undertakings untrue, inaccurate, incomplete or misleading in any respect, comes to the knowledge of the Joint Underwriters;
- (4) any statement contained in this prospectus has become or been discovered to be untrue, inaccurate, incomplete or misleading in any material respect;
- (5) any matter arises or is discovered which would, if this prospectus was to be issued at the time, constitute material omission therefrom;
- (6) there is any event or change or any other reason (whether or not permanent) which would result in a supplemental prospectus or any document of a similar nature is or being required to be issued, whether required by the Stock Exchange or not;
- (7) the Company's application to the main board of the Stock Exchange for permission for the listing of the Nil Paid Rights and Rights Shares and permission to deal in the Nil Paid Rights and Rights Shares on the Stock Exchange is withdrawn by the Company and/or refused by the Stock Exchange;
- (8) there is any adverse change or prospective adverse change in the business or in the financial or trading position or prospects of any member of the Group which is material in the context of the Rights Issue; or
- (9) there has occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable):
 - (i) any change in, or any event or series of events likely to result in any change in (whether or not permanent) the financial, political, economic, military, industrial, legal, fiscal, regulatory, currency or securities market matters or conditions or

TERMINATION OF THE UNDERWRITING AGREEMENT

currency exchange rates or exchange controls (including without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the United States) in Hong Kong, the United States, the European Union, the United Kingdom or the PRC;

- (ii) any new laws, rules, statutes, ordinances, regulations, guidelines or circulars (in each case, to the extent mandatory or, if not complied with, the basis for legal or regulatory consequences), orders, judgements, decrees or rulings of any governmental authority (the “**Laws**”) or changes in existing Laws or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or the PRC;
- (iii) any event of force majeure affecting Hong Kong, the United States, the European Union, the United Kingdom or the PRC including, without limiting the generality thereof, any act of God, war, outbreak or escalation of hostilities (whether or not war is declared) or act of terrorism, or declaration of a national or international emergency or war, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, outbreak of an infectious disease, calamity, crisis, strike or lock-out (whether or not covered by insurance);
- (iv) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the Shanghai Stock Exchange, the London Stock Exchange, the New York Stock Exchange or any major disruption of any securities settlement or clearing services in Hong Kong, or on commercial banking activities in Hong Kong or the PRC, due to exceptional financial circumstances or otherwise;
- (v) a change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the United States, the European Union, the United Kingdom or the PRC; or
- (vi) any suspension of dealings in the Shares for a period of more than two Business Days (other than pending publication of announcing the Rights Issue),

which, in the sole opinion of the Joint Underwriters after consultation with the Company, where practicable:

- (i) has or will have, or is likely to have, a Material Adverse Effect or is or will be, or is likely to be, materially adverse to any present or prospective Shareholder in its capacity as such;
- (ii) has or will have or is likely to have a material adverse impact on the success of the Rights Issue or dealings in the Rights Shares in the secondary market; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (iii) makes it impracticable, inadvisable or inexpedient to proceed with the Rights Issue on the terms and in the manner contemplated in the Announcement and the Rights Issue Documents.

If prior to the Latest Time for Termination any notice to rescind or terminate the Underwriting Agreement is given by the Joint Underwriters, the obligations of all parties under the Underwriting Agreement shall terminate forthwith and no party shall have any claim against any other for costs, damages, compensation or otherwise (save in respect of certain rights or obligations under the Underwriting Agreement including rights of the parties thereto in respect of any antecedent breach). If the Joint Underwriters exercise such right, the Rights Issue will not proceed.

LETTER FROM THE BOARD



瑞安房地產
SHUI ON LAND

Shui On Land Limited
瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 272)

Executive Directors:

Mr. Vincent H. S. LO (*Chairman*)
Mr. Freddy C. K. LEE (*Chief Executive Officer*)
Mr. Daniel Y. K. WAN

Registered office:

190 Elgin Avenue
George Town
Grand Cayman KY1-9005
Cayman Islands

Non-executive Director:

Mr. Frankie Y. L. WONG

Place of business in Hong Kong:

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

Independent Non-executive Directors:

Sir John R. H. BOND
Dr. William K. L. FUNG
Professor Gary C. BIDDLE
Dr. Roger L. McCARTHY
Mr. David J. SHAW

26 April 2013

*To the Qualifying Shareholders and, for information only,
certain Non-Qualifying Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE OF 2,000,431,547 RIGHTS SHARES
AT THE SUBSCRIPTION PRICE OF HK\$1.84 EACH
ON THE BASIS OF ONE RIGHTS SHARE
FOR EVERY THREE EXISTING SHARES HELD ON THE RECORD DATE
PAYABLE IN FULL ON ACCEPTANCE**

INTRODUCTION

On 28 March 2013, the Board announced that the Company proposes to raise not less than approximately HK\$3,676.8 million and not more than approximately HK\$4,136.9 million, before

* For identification purpose only

LETTER FROM THE BOARD

expenses, by way of a rights issue of not less than 2,000,431,547 Rights Shares and not more than 2,250,778,421 Rights Shares on the basis of one Rights Share for every three existing Shares held by Qualifying Shareholders on the Record Date at the Subscription Price of HK\$1.84 per Rights Share.

The purpose of this prospectus is to provide you with further information about the Rights Issue, including information on dealings, transfers and acceptance of the Rights Shares, and financial information and other information of the Group.

RIGHTS ISSUE

Details of the Rights Issue are set out below:

Issue Statistics

Basis of the Rights Issue	:	One Rights Share for every three existing Shares held on the Record Date
Subscription Price	:	HK\$1.84 per Rights Share
Number of Shares in issue	:	6,001,294,642 Shares as at the Record Date
Number of Rights Shares	:	2,000,431,547 Rights Shares
Joint Underwriters	:	BNP Paribas, Standard Chartered and UOB Kay Hian
Enlarged issued share capital upon completion of the Rights Issue	:	8,001,726,189 Shares

As at the Record Date and the Latest Practicable Date:

- (1) there were outstanding Convertible Bonds in the aggregate principal amount of RMB2,720 million convertible into 696,064,429 Shares at the conversion price of HK\$4.47 per Share (subject to adjustment). Subject to the Rights Issue becoming unconditional, the conversion price of the Convertible Bonds of HK\$4.47 per Share will be adjusted to HK\$3.97 per Share with retroactive effect from Thursday, 18 April 2013 (being the first day of trading of Shares on the Stock Exchange on an ex-rights basis) in accordance with the applicable adjustment formula provided in the terms and conditions of the Convertible Bonds. Based on the adjusted conversion price of HK\$3.97 per Share, the outstanding Convertible Bonds would be convertible into 783,729,974 Shares; and
- (2) there were outstanding Share Options granted in respect of 170,526,281 Shares under the Share Option Scheme, of which 54,909,839 Shares may be allotted and issued upon full exercise of the Vested Share Options.

LETTER FROM THE BOARD

Save for the outstanding Convertible Bonds and Share Options as mentioned above, the Company has no other outstanding convertible securities or options in issue or other similar rights which confer any right to convert into or subscribe for Shares as at the Latest Practicable Date.

The aggregate number of Nil Paid Rights proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents 33.3% of the Company's issued share capital as at the Record Date and approximately 25.0% of the Company's issued share capital as enlarged by the Rights Issue.

Subscription Price

The Subscription Price of HK\$1.84 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or, where applicable, application for excess Rights Shares or when a renounee of any provisional allotment of the Rights Shares or a transferee of Nil Paid Rights applies for the Rights Shares. The Subscription Price represents:

- (1) a discount of approximately 44.9% to the closing price of HK\$3.34 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a discount of approximately 44.7% to the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of approximately HK\$3.33;
- (3) a discount of approximately 44.6% to the average of the closing prices per Share as quoted on the Stock Exchange for the ten previous consecutive trading days up to and including the Last Trading Day of approximately HK\$3.32; and
- (4) a discount of approximately 38.0% to the theoretical ex-rights price of approximately HK\$2.97 per Share based on the closing price of HK\$3.34 per Share as quoted on the Stock Exchange on the Last Trading Day.

Each Rights Share will have a nominal value of US\$0.0025.

The Subscription Price was determined by the Directors with reference to the market price of the Shares prior to and including the Last Trading Day. Each Qualifying Shareholder will be entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date.

The Directors consider the terms of the Rights Issue, including the Subscription Price (and the discounts to the relative values indicated above), to be fair and reasonable to, and in the interests of, the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Basis of Provisional Allotment

The basis of the provisional allotment is one Rights Share for every three existing Shares held by Qualifying Shareholders on the Record Date. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares with the Registrar on or before the Latest Time for Acceptance.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully-paid) will rank *pari passu* in all respects with the then existing Shares in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares in their fully-paid form.

On 28 March 2013, the Company announced that the Directors have proposed a final dividend for the year ended 31 December 2012 of HK\$0.035 per Share, subject to the approval of the Shareholders at the Company's forthcoming annual general meeting. If the Rights Shares (in their fully-paid form) are allotted and issued on or before the record date for such final dividend and the Shareholders approve such final dividend at the forthcoming annual general meeting, then holders of fully-paid Rights Shares whose names appear on the register of members of the Company on the record date for such final dividend will be entitled to receive such final dividend of HK\$0.035 per Share on the same basis as holders of existing Shares then in issue.

Certificates for the Rights Shares and Refund Cheques

Subject to the fulfilment of the conditions of the Rights Issue as set out below, certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on or around Tuesday, 21 May 2013 to those persons who have paid for and have accepted the Rights Shares, at their own risk. Such applicant will receive one Share certificate for all the Rights Shares allotted and issued to him/her/it.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be sent by ordinary post on or around Tuesday, 21 May 2013 to the applicants at their own risk.

Fractions of the Rights Shares

The Company has not provisionally allotted and will not accept applications for any fraction of the Rights Shares. All fractions of the Rights Shares have been aggregated (and rounded down to the nearest whole number). All Nil Paid Rights arising from such aggregation have been provisionally allotted (in nil-paid form) to Standard Chartered or its nominee, and will be sold in the market and the proceeds will be retained by the Company for its own benefit, if a premium (net of expenses and stamp duty) can be obtained. Any unsold aggregated fractions of Nil Paid Rights will be made available for excess applications by Qualifying Shareholders. No odd lot matching services will be provided.

LETTER FROM THE BOARD

Application for listing

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Nil Paid Rights are to be traded in board lots of 500 (as the Shares are currently traded on the main board of the Stock Exchange in board lots of 500). No part of the Shares in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange.

Stamp duty and other applicable fees and charges

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

RIGHTS SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the grant of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must (1) have been registered as a member of the Company as at the Record Date; and (2) not be a Non-Qualifying Shareholder.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (save in respect of fractions). If a Qualifying Shareholder does not take up his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Distribution of this prospectus and the other Rights Issue Documents

The Company will only send this prospectus accompanied by the other Rights Issue Documents to the Qualifying Shareholders. However, to the extent reasonably practicable and legally permitted,

LETTER FROM THE BOARD

the Company will send this prospectus to the Non-Qualifying Shareholders as well as to holders of the Convertible Bonds (if required by the terms and conditions of the Convertible Bonds) and holders of the Share Options (if required by the terms and conditions of the Share Options Scheme), for their information only, but will not send any PAL or EAF to them.

This prospectus will not be sent to any Shareholders in the Specified Territories except to those Shareholders who satisfy the relevant requirements to the satisfaction of the Company.

Distribution of this prospectus and the other Rights Issue Documents into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession the Rights Issue Documents come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of and observe any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder or Beneficial Owner who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay. In particular, subject to certain exceptions as determined by the Company, this prospectus should not be distributed, forwarded to or transmitted in, into or from any of the Specified Territories with or without the PAL or the EAF.

The Rights Issue Documents will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

Non-Qualifying Shareholders

Non-Qualifying Shareholders are:

- (1) those Overseas Shareholders; and
- (2) those Shareholders and Beneficial Owners who are known by the Company to be residents of places outside Hong Kong,

in respect of whom the Directors, based on relevant enquiries made by the Directors, consider it necessary or expedient not to offer the Rights Shares on account either of the legal restrictions under the laws of the relevant place in which the Shareholder or Beneficial Owner (as the case maybe) is located or the requirements of the relevant regulatory body or stock exchange in that place.

The Board has made due enquiries pursuant to Rule 13.36(2) of the Listing Rules as to the applicable securities legislation of the Specified Territories or the requirements of any relevant regulatory body or stock exchange for the issue of the Rights Shares in those territories. Having considered the circumstances, the Directors have formed the view that, other than subject to certain limited exceptions as described below, it is necessary or expedient not to offer the Rights Shares (both in nil-paid and fully-paid forms) in the Specified Territories due to the time and costs involved in the registration or filing of this prospectus and/or approval required by the relevant authorities in those territories and/or additional steps the Company and/or Shareholders and/or Beneficial Owners need to take to comply with the local legal requirements and/or other requirements to be satisfied in order to comply with relevant local legal or regulatory requirements in those territories.

LETTER FROM THE BOARD

Accordingly, for the purposes of the Rights Issue, Non-Qualifying Shareholders are:

- (1) Shareholders whose name(s) appeared in the registers of members of the Company on the Record Date and whose address(es) as shown in such register is/are in any of the Specified Territories, except for those Overseas Shareholders with addresses in the United States, Canada or Australia who fulfil the requirements specified in the section below headed “Limited categories of persons in the Specified Territories who may be able to take up their Nil Paid Rights and subscribe for the Rights Shares under the Rights Issue” to the satisfaction of the Company; and
- (2) any Shareholders or Beneficial Owners at that time who are otherwise known by the Company to be residing in any of the Specified Territories, except for those Shareholders or Beneficial Owners residing in the United States, Canada or Australia who fulfil the requirements specified in the section below headed “Limited categories of persons in the Specified Territories who may be able to take up their Nil Paid Rights and subscribe for the Rights Shares under the Rights Issue” to the satisfaction of the Company.

Notwithstanding any other provision in this prospectus or the PAL or the EAF, the Company reserves the right to permit any Shareholder to take up his/her/its rights if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.

Receipt of this prospectus and/or a PAL and/or an EAF or the crediting of Nil Paid Rights to a stock account in CCASS does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus and/or a PAL and/or an EAF must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this prospectus and/or a PAL and/or an EAF or whose stock account in CCASS is credited with Nil Paid Rights should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer Nil Paid Rights to any person in, into or from, any of the Specified Territories. If a PAL or an EAF or a credit of Nil Paid Rights in CCASS is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not seek to take up the rights referred to in the PAL or transfer the PAL (or apply for any excess Rights Shares under the EAF) or transfer the Nil Paid Rights in CCASS unless the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who does forward this prospectus or a PAL or an EAF in, into or from any of the Specified Territories (whether under a contractual or legal obligation or otherwise) should draw the recipient’s attention to the contents of this section.

Arrangements will be made for the Nil Paid Rights of Non-Qualifying Shareholders who hold their existing Shares in certificated form to be provisionally allotted to a nominee or nominees appointed by the Company for the benefit of such Non-Qualifying Shareholders and, if a premium (net of expenses and stamp duty) can be obtained, to be sold by the nominee on such Non-Qualifying Shareholders’ behalf on the Stock Exchange after the commencement of the dealings in the Nil Paid Rights but before the Latest Time for Acceptance. The proceeds of such sale, less expenses, will be divided on a pro rata basis and paid to such Non-Qualifying Shareholders, provided that individual

LETTER FROM THE BOARD

amounts of less than HK\$100 will be paid to the Company for its own benefit. Any Rights Shares in respect of unsold entitlements of Non-Qualifying Shareholders, together with any Rights Shares in respect of Nil Paid Rights not taken up by the Qualifying Shareholders or otherwise not subscribed for by transferees of Nil Paid Rights, will be made available for excess application through the EAFs by Qualifying Shareholders.

The arrangements described in the above paragraph will not apply to any Non-Qualifying Shareholder who is a Shareholder or Beneficial Owner residing in any of the Specified Territories, and (in the case of a Shareholder) whose address, or (in the case of a Beneficial Owner) who holds his/her/its interest in Shares through a Registered Shareholder whose address, shown in the registers of members of the Company on the Record Date, was not in one of the Specified Territories. Such Shareholders and Beneficial Owners are referred to herein as “Non-Qualifying Beneficial Owners” and may include Beneficial Owners holding interests in Shares through CCASS (which Shares are registered in the registers of members of the Company in the name of HKSCC Nominees Limited, a company incorporated in Hong Kong). The Company is unable to extend those arrangements to such Non-Qualifying Beneficial Owners as the Company does not have the necessary information in relation to such Non-Qualifying Beneficial Owners to make a unilateral determination as to whether those Shareholders or Beneficial Owners are Non-Qualifying Shareholders for the purposes of the Rights Issue. Instead of the arrangements described above, the Nil Paid Rights which would otherwise have been available to be taken up by those Non-Qualifying Beneficial Owners will not be sold in the market and the relevant Non-Qualifying Beneficial Owners will not receive the proceeds of any such sale. All Non-Qualifying Beneficial Owners are advised to seek their own legal advice as to whether or not they may be permitted, having regard to their own particular circumstances (including the laws and regulations of the relevant jurisdiction in which they are resident), to sell their Nil Paid Rights in the market. Any such Nil Paid Rights which are not sold in the market by Non-Qualifying Beneficial Owners will be made available for excess applications through the EAFs by Qualifying Shareholders.

With respect to Non-Qualifying Shareholders who hold interests in Shares through CCASS, their nominees, custodians or other intermediaries may sell, on such Non-Qualifying Shareholders’ behalf, their entitlements to the Nil Paid Rights in compliance with applicable securities laws and distribute the proceeds thereof as appropriate.

Limited categories of persons in the Specified Territories who may be able to take up their Nil Paid Rights and subscribe for the Rights Shares under the Rights Issue

Notwithstanding what is said in the section headed “Non-Qualifying Shareholders” above, the following limited categories of persons in the Specified Territories may be able to take up their Nil Paid Rights and subscribe for the Rights Shares under the Rights Issue:

- (1) Shareholders and Beneficial Owners in the United States are generally Non-Qualifying Shareholders. However, a limited number of Shareholders and Beneficial Owners in the US who the Company reasonably believes are “qualified institutional buyers” (as defined in Rule 144A of the US Securities Act) may be able to take up their Nil Paid Rights and subscribe for the Rights Shares being offered in the Rights Issue in transactions exempt from registration requirements under the US Securities Act, provided that they fulfil relevant requirements to the satisfaction of the Company.

LETTER FROM THE BOARD

- (2) Shareholders and Beneficial Owners in Canada are generally Non-Qualifying Shareholders. However, a limited number of Shareholders and Beneficial Owners in Canada who confirm that they are “accredited investors” under applicable Canadian securities laws and satisfy other requirements to the satisfaction of the Company may be able to take up their Nil Paid Rights and subscribe for the Rights Shares being offered in the Rights Issue in private placement transactions exempt from prospectus requirements under applicable Canadian securities laws.
- (3) Shareholders and Beneficial Owners in Australia are generally Non-Qualifying Shareholders. However, a limited number of Shareholders and Beneficial Owners in Australia who the Company reasonably believes are exempted investors for the purposes of the Australian Corporations Act may be able to take up their Nil Paid Rights and subscribe for the Rights Shares being offered in the Rights Issue in transactions exempt from registration or disclosure requirement under the Australian Corporations Act or other applicable Australian laws and regulations, provided that they fulfil the relevant requirements to the satisfaction of the Company.

The Company reserves the right to treat as invalid any acceptances of or applications for the Nil Paid Rights and the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders and Beneficial Owners who are residing outside Hong Kong should exercise caution when dealing in the Shares and/or the Nil Paid Rights.

Procedures for Acceptance and Payment or Transfer

General

Any person (including, without limitation, agents, custodians, nominees and trustees) wishing to take up his/her/its rights under the Rights Issue must satisfy himself/herself/itself as to full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. For the avoidance of doubt, HKSCC Nominees Limited, who subscribes the Rights Shares on behalf of CCASS Participants, is not subject to the above representations and warranties. The attention of Shareholders with registered addresses in, and Shareholders or Beneficial Owners who are otherwise residing in, any of the Specified Territories and persons holding Shares on behalf of persons with such addresses or residence is drawn to the sections above headed “Non-Qualifying Shareholders” and “Limited categories of persons in the Specified Territories who may be able to take up their Nil Paid Rights and subscribe for the Rights Shares under the Rights Issue”.

LETTER FROM THE BOARD

Each purchaser of Nil Paid Rights or subscriber of Rights Shares being offered and sold outside the United States in reliance on Regulation S under the US Securities Act will be deemed (by accepting delivery of this prospectus) to have agreed and given each of the following representations and warranties to the Company and the Joint Underwriters and to any person acting on their behalf, unless in their sole discretion the Company and the Joint Underwriters waive such requirement expressly in writing:

- he/she/it was a Shareholder on the Record Date, or he/she/it lawfully acquired or may lawfully acquire the Nil Paid Rights, directly or indirectly, from such a person;
- he/she/it may lawfully be offered, take up, obtain, subscribe for and receive the Nil Paid Rights and/or the Rights Shares in the jurisdiction in which he/she/it resides or is currently located;
- he/she/it is not resident or located in, or a citizen of, the United States;
- he/she/it is not accepting an offer to acquire or take up the Nil Paid Rights and/or Rights Shares on a non-discretionary basis for a person who is resident or located in, or a citizen of, the United States at the time the instruction to accept was given;
- he/she/it is not taking up for the account of any person who is located in the United States, unless:
 - (a) the instruction to purchase or take up the Nil Paid Rights or to subscribe for or accept Rights Shares was received from a person outside the United States, and
 - (b) the person giving such instruction has confirmed that it (x) has the authority to give such instruction, and (y) either (A) has investment discretion over such account or (B) is an investment manager or investment company that it is acquiring the Nil Paid Rights and/or the Rights Shares in an “offshore transaction” within the meaning of Regulation S under the US Securities Act;
- he/she/it is acquiring the Nil Paid Rights and/or the Rights Shares in an “offshore transaction” as defined in Regulation S under the US Securities Act;
- he/she/it has not been offered the Rights Shares by means of any “directed selling efforts” as defined in Regulation S under the US Securities Act;
- he/she/it is not acquiring the Nil Paid Rights or the Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of such Nil Paid Rights or Rights Shares into the United States; and

LETTER FROM THE BOARD

- he/she/it understands that neither the Nil Paid Rights nor the Rights Shares have been or will be registered under the US Securities Act or with any securities regulatory authority of any state, territory, or possession of the US and the Nil Paid Rights and Rights Shares are being distributed and offered only outside the US in reliance on Regulation S under the US Securities Act. Consequently he/she/it understands the Nil Paid Rights or Rights Shares may not be offered, sold, pledged or otherwise transferred in or into the US, except in reliance on an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act.

Action to be taken by Qualifying Shareholders

Subscription for all Rights Shares provisionally allotted

For each Qualifying Shareholder, a PAL is enclosed with this prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown thereon. If a Qualifying Shareholder wishes to take up his/her/its right to subscribe for any or all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar, by not later than 4:00 p.m. on Monday, 13 May 2013. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to **"Shui On Land Limited — Provisional Allotment Account"** and crossed **"Account Payee Only"**. Qualifying Shareholders should note that they may apply for a number of Rights Shares equal to or less than the number set out in the PAL (by following the instructions in the section below headed "Transfer and 'Splitting' of Nil Paid Rights").

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on Monday, 13 May 2013, whether by the original allottee or any person in whose favour the rights have been validly renounced or transferred, that provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company may, at its discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

The PAL contains further information regarding the procedure to be followed for acceptance of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

All cheques or cashier's orders will be presented for payment immediately upon receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and lodgment of a PAL together with a cheque or cashier's order in payment for the Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. Without prejudice to its other rights in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled.

LETTER FROM THE BOARD

If the conditions of the Rights Issue (as set out in the paragraph headed “Conditions of the Rights Issue and the Underwriting Agreement” in this “Letter from the Board”) are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be refunded to the Qualifying Shareholders (or such other persons to whom the Nil Paid Rights have been validly transferred) without interest, by means of cheques to be despatched by ordinary post to their registered addresses, and in the case of joint applicants to the registered address of the first-mentioned person who appears on the registers of members or the transfer form, at their own risk on or around Tuesday, 21 May 2013.

Transfer and “Splitting” of Nil Paid Rights

The Nil Paid Rights can be traded on the Stock Exchange. A Qualifying Shareholder can accept all of his/her/its provisional allotment of Rights Shares, or sell all of his/her/its provisional allotment on the Stock Exchange or accept only part of his/her/its provisional allotment and sell the remaining part on the Stock Exchange.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer all or part of his/her/its rights to more than one person, the original PAL must be surrendered and lodged for cancellation not later than 4:00 p.m. on Friday, 3 May 2013 with the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection at the Registrar after 9:00 a.m. on the second Business Day after the surrender of the original PAL. This process is commonly known as “splitting” the Nil Paid Rights.

Having “split” the Nil Paid Rights, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new PAL should do so in accordance with the instructions given above in relation to the subscription for the Rights Shares provisionally allotted.

If a Qualifying Shareholder wishes to transfer all of his/her/its Nil Paid Rights under a PAL (or a split PAL, as the case may be) to another person, he/she/it should complete and sign the registration information in the PAL and hand the PAL to the person to or through whom he/she/it is transferring his/her/its Nil Paid Rights. The transferee must then complete and sign the registration details in the PAL and lodge the PAL intact, together with a remittance for the full amount payable on acceptance with the Registrar by not later than 4:00 p.m. on Monday, 13 May 2013.

The PAL contains further information regarding the procedures to be followed for transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

LETTER FROM THE BOARD

Important notice and representations and warranties relating to Qualifying Shareholders in relation to the Specified Territories

As described above, Shareholders with registered addresses in the Specified Territories are only permitted to take up their Nil Paid Rights and Rights Shares under the Rights Issue if they fulfil the relevant requirements to the satisfaction of the Company. Any Qualifying Shareholder accepting and/or transferring a PAL or requesting registration of the Rights Shares comprised therein represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that his/her/its use of the PAL will not result in the contravention of any applicable legal requirement in any jurisdiction, he/she/it:

- (1) is not accepting and/or transferring the PAL, or requesting registration of the relevant Nil Paid Rights or the Rights Shares from within any of the Specified Territories;
- (2) is not in any of the Specified Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the Nil Paid Rights or the Rights Shares or to use the PAL in any manner in which such person has used or will use it;
- (3) is not acting on a non-discretionary basis for a person residing in any of the Specified Territories at the time the instruction to accept or transfer was given; and
- (4) is not acquiring the Nil Paid Rights and/or the Rights Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Nil Paid Rights and/or Rights Shares into any of the Specified Territories.

The Company may treat as invalid any acceptance or purported acceptance of the allotment of Rights Shares comprised in, or transfer or purported transfer of, a PAL if it: (a) appears to the Company to have been executed in, or despatched from, any of the Specified Territories and the acceptance may involve a breach of the laws of the relevant Specified Territory or the acceptance is otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable legal or regulatory requirement; (b) provides an address in any of the Specified Territories for delivery of definitive Share certificates for Rights Shares and such delivery would be unlawful or provides an address for delivery of definitive Share certificates in any other jurisdiction outside Hong Kong in which it would be unlawful to deliver such certificates; or (c) purports to exclude the representation and/or warranty required by the paragraph immediately above.

Action to be taken by Beneficial Owners whose Shares are held by a Registered Shareholder (other than through CCASS)

Subscription for Rights Shares provisionally allotted and transfers and “splitting” of Nil Paid Rights

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Shareholder and you wish to subscribe for the Rights Shares provisionally allotted to such Registered Shareholder in respect of your Shares, or sell the respective Nil Paid Rights or “split” those Nil Paid

LETTER FROM THE BOARD

Rights and accept part of the provisional allotment and sell the remaining part, you should contact the Registered Shareholder and provide the Registered Shareholder with instructions or make arrangements with the Registered Shareholder in relation to the acceptance, transfer and/or “splitting” of the Nil Paid Rights.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” of this prospectus and otherwise in accordance with the requirements of the Registered Shareholder in order to allow the Registered Shareholder sufficient time to ensure that your instructions are given effect.

Important notice and representations and warranties relating to Beneficial Owners whose Shares are held by a Registered Shareholder (other than through CCASS) in relation to the Specified Territories

As described above, Beneficial Owners residing in the Specified Territories are only permitted to take up their rights under the Rights Issue if they fulfil relevant requirements to the satisfaction of the Company.

Any Beneficial Owner instructing a Registered Shareholder to accept and/or transfer a PAL or request registration of the Rights Shares comprised therein, and the Registered Shareholder accepting and/or transferring or requesting registration, represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that his/her/its use of the PAL will not result in the contravention of any applicable legal requirement in any jurisdiction, he/she/it:

- (1) is not accepting and/or renouncing the PAL, or requesting registration of the relevant Nil Paid Rights and/or the Rights Shares from within any of the Specified Territories;
- (2) is not in any of the Specified Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the Nil Paid Rights and/or the Rights Shares or to use the PAL in any manner in which such person has used or will use it;
- (3) is not acting on a non-discretionary basis for a person residing in any of the Specified Territories at the time the instruction to accept or transfer was given; and
- (4) is not acquiring the Nil Paid Rights and/or the Rights Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Nil Paid Rights and/or Rights Shares into any of the Specified Territories.

The Company may treat as invalid any acceptance or purported acceptance of the allotment of Rights Shares comprised in, or transfer or purported transfer of, a PAL if it: (a) appears to the Company to have been executed in, or despatched from, any of the Specified Territories and the acceptance may involve a breach of the laws of the relevant Specified Territory or the acceptance is otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable legal or regulatory requirement; (b) provides an address in any of the Specified Territories for delivery of definitive Share certificates for Rights Shares and

LETTER FROM THE BOARD

such delivery would be unlawful or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would be unlawful to deliver such certificates; or (c) purports to exclude the representation and/or warranty required by the paragraph immediately above.

Action to be taken by Beneficial Owners holding interests in Shares through CCASS

Subscription for Rights Shares provisionally allotted and transfers and “splitting” of Nil Paid Rights

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to HKSCC Nominees Limited in respect of your Shares, or sell the respective Nil Paid Rights or “split” those Nil Paid Rights and accept part of the provisional allotment and sell the remaining part, you should (unless you are a CCASS Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or “splitting” of the Nil Paid Rights.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” of this prospectus and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

Beneficial Owners who are CCASS Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners’ interests in Nil Paid Rights should be dealt with.

Important notice and representations and warranties relating to Beneficial Owners holding interests in Shares through CCASS in relation to the Specified Territories

As described above, Beneficial Owners who are residing in any of the Specified Territories are only permitted to take up their rights under the Rights Issue if they fulfil the relevant requirements to the satisfaction of the Company.

Any Beneficial Owner holding interests in Shares through CCASS and any CCASS Participant who instructs its Intermediary to make an acceptance and/or transfer in accordance with the procedures set out above represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that his/her/its acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction, he/she/it:

- (1) is not accepting or requesting registration of the relevant Nil Paid Rights and/or the Rights Shares from within any of the Specified Territories;

LETTER FROM THE BOARD

- (2) is not in any of the Specified Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the Nil Paid Rights and/or the Rights Shares;
- (3) is not acting on a non-discretionary basis for a person residing in any of the Specified Territories at the time the instruction to accept or transfer was given; and
- (4) is not acquiring the Nil Paid Rights and/or the Rights Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Nil Paid Rights or the Rights Shares into any of the Specified Territories.

The Company may treat as invalid any instruction (a) which appears to the Company to have been despatched from any of the Specified Territories and which may involve a breach of the laws of the relevant Specified Territory or any instruction which otherwise appears to the Company may involve a breach of the laws of any jurisdiction; or (b) if the Company or its agents believes the same may violate any applicable legal or regulatory requirement; or (c) which purports to exclude the representation and/or warranty required by the paragraph immediately above.

Application for Excess Rights Shares

Qualifying Shareholders shall be entitled to apply, by way of excess applications, for (1) any unsold Rights Shares which would have been provisionally allotted to Non-Qualifying Shareholders had they been Qualifying Shareholders; (2) any Rights Shares provisionally allotted but not validly accepted by Qualifying Shareholders or otherwise subscribed for by renounees or transferees of Nil Paid Rights; and (3) any unsold Rights Shares created by aggregating fractions of Nil Paid Rights.

Action to be taken by Qualifying Shareholders who wish to apply for excess Rights Shares

Excess Rights Shares application procedures

Applications for excess Rights Shares can be made only by Qualifying Shareholders and only by completing an EAF and lodging the same with a separate remittance for the amount payable on application in respect of the excess Rights Shares being applied for at the Registrar by a time which is currently expected to be 4:00 p.m. on Monday, 13 May 2013 (or such later time as may be agreed between the Company and the Joint Underwriters).

All remittances must be made in Hong Kong dollars and cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**Shui On Land Limited — Excess Application Account**" and crossed "**Account Payee Only**". The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and reasonable basis and as far as practicable:

- (1) preference will be given to those applications which will top-up odd lots to whole board lots, unless the total number of excess Rights Shares are not sufficient to top-up all odd lots into whole board lots or the Directors consider that such applications are made with the intent to abuse this mechanism; and

LETTER FROM THE BOARD

- (2) subject to the availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to Qualifying Shareholders who have applied for excess Rights Shares on a pro rata basis by reference to the number of excess Rights Shares they have applied for, with flexibility to round up to whole board lots at the discretion of the Directors.

In applying the above principles, reference will only be made to the number of excess Rights Shares being applied for.

Important notice to Beneficial Owners: Beneficial Owners whose Shares are held by a Registered Shareholder (or which are deposited in CCASS) should note that the Board will regard the Registered Shareholder (including HKSCC Nominees Limited) as a single Shareholder in accordance with the registers of members of the Company. Accordingly, Beneficial Owners whose Shares are registered in the name of a Registered Shareholder (or which are deposited in CCASS) should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to them individually.

All cheques or cashier's orders will be presented for payment immediately upon receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and lodgment of an EAF together with a cheque or cashier's order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. Without prejudice to its other rights in respect thereof, the Company reserves the right to reject any EAF in respect of which the cheque or cashier's order is dishonoured on first presentation. An EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

If no excess Rights Shares are allotted and issued to a Qualifying Shareholder, the amount tendered on application is expected to be refunded to that Qualifying Shareholder in full without any interest by means of cheque(s) despatched by ordinary post and at the risk of such Shareholder on or around Tuesday, 21 May 2013. If the number of excess Rights Shares allotted and issued to a Qualifying Shareholder is less than that applied for, the surplus application monies are also expected to be refunded to such Shareholder without any interest by means of cheque(s) despatched by ordinary post and at the risk of such Shareholder on or around Tuesday, 21 May 2013.

If the conditions of the Rights Issue (as set out in the paragraph headed "Conditions of the Rights Issue and the Underwriting Agreement" in this "Letter from the Board") is not fulfilled, the monies received in respect of relevant applications for excess Rights Shares will be returned to the relevant persons without interest, by means of cheques to be despatched by ordinary post to their registered address, and in the case of joint applicants to the registered address of the first-mentioned person who appears on the registers of members, at their own risk on or around Tuesday, 21 May 2013.

LETTER FROM THE BOARD

Important notice and representations and warranties relating to Qualifying Shareholders in relation to the Specified Territories

The matters set out in the paragraph headed “Important notice and representations and warranties relating to Qualifying Shareholders in relation to the Specified Territories” above in the section headed “Procedures for Acceptance and Payment or Transfer” also apply to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

Action to be taken by Beneficial Owners whose Shares are held by a Registered Shareholder (other than Shares deposited in CCASS) who wish to apply for excess Rights Shares

Excess Rights Shares application procedures

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Shareholder and you wish to apply for excess Rights Shares, you should contact the Registered Shareholder and provide the Registered Shareholder with instructions or make arrangements with the Registered Shareholder in relation to such application. Such instructions and/or arrangements should be given or made in advance of the latest time for application and payment for excess Rights Shares stated in the section headed “Expected Timetable” of this prospectus and otherwise in accordance with the requirements of the Registered Shareholder, in order to allow the Registered Shareholder sufficient time to ensure that your instructions are given effect.

Important notice and representations and warranties relating to Beneficial Owners whose Shares are held by a Registered Shareholder (other than through CCASS) in relation to the Specified Territories

The matters set out in the paragraph headed “Important notice and representations and warranties relating to Beneficial Owners whose Shares are held by a Registered Shareholder (other than through CCASS) in relation to the Specified Territories” in the section headed “Procedures for Acceptance and Payment or Transfer” also apply to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

Action to be taken by Beneficial Owners holding interests in Shares through CCASS who wish to apply for excess Rights Shares

Excess Rights Shares application procedures

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to apply for excess Rights Shares, you should (unless you are a CCASS Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the application for excess Rights Shares. Such instructions and/or arrangements should be given or made in advance of the date stated in the section headed “Expected Timetable” of the prospectus as the latest time for application and payment for excess Rights Shares and otherwise in accordance with the requirements of your Intermediary, in order to allow your Intermediary sufficient time to ensure that your instructions are given effect.

LETTER FROM THE BOARD

The procedures for application for excess Rights Shares by CCASS Participants shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

Beneficial Owners who are CCASS Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to any applications for excess Rights Shares. HKSCC Nominees Limited will allocate the excess Rights Shares it receives to the relevant CCASS Participants pro rata to the number of excess Rights Shares each has applied for, or in such other manner as HKSCC Nominees Limited considers fair and appropriate, which is pursuant to the allocation basis stipulated in Rule 8.10.4(ix) of the CCASS Operational Procedures.

Important notice and representations and warranties relating to Beneficial Owners holding interests in Shares through CCASS in relation to the Specified Territories

The matters set out in the paragraph headed “Important notice and representations and warranties relating to Beneficial Owners holding interests in Shares through CCASS in relation to the Specified Territories” above in the section headed “Procedures for Acceptance and Payment or Transfer” also apply to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date	:	28 March 2013
Joint Underwriters	:	BNP Paribas, Standard Chartered and UOB Kay Hian <i>(in alphabetical order)</i>
Number of Underwritten Shares	:	864,930,785 Rights Shares (being the Rights Shares other than those to be taken up by the Undertaking Shareholder and the Undertaking Shareholder Subsidiaries pursuant to the Undertaking Letter) will be fully underwritten by the Joint Underwriters
Underwriters' fee	:	2.75% of the aggregate Subscription Price of the Underwritten Shares plus a discretionary fee of 0.25% of the aggregate Subscription Price of the Underwritten Shares to be determined at the absolute sole discretion of the Company

Subject to the fulfilment of the conditions (or any waiver, as the case may be, by the Joint Underwriters) contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Joint Underwriters have agreed to subscribe or procure the subscription for all Underwritten Shares that are not otherwise taken up.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Joint Underwriters and their ultimate holding companies are Independent Third Parties.

Conditions of the Rights Issue and the Underwriting Agreement

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. The obligations of the Joint Underwriters under the Underwriting Agreement are conditional upon:

- (1) publication of the Announcement pursuant to the Listing Rules by no later than 8:30 a.m. on the Business Day following the date of the Underwriting Agreement;
- (2) (i) the Nil Paid Rights to all Qualifying Shareholders and (ii) the Nil Paid Rights representing the aggregate of fractional entitlements and the entitlements of Non-Qualifying Shareholders which would otherwise have to be allotted to Standard Chartered or its nominee/agent to be dealt with in accordance with the Underwriting Agreement having been provisionally allotted by a resolution of the Board on the terms set out in the Rights Issue Documents;
- (3) the listing approval from the Listing Committee ("**Listing Approval**") having been obtained by no later than the Business Day prior to the first day of dealings in the Nil Paid Rights as set out in this prospectus (or such later time and/or date as the Company and the Joint Underwriters may agree in writing), and such permission not being withdrawn prior to the Latest Time for Termination;
- (4) each condition to enable the Nil Paid Rights and the Rights Shares to be admitted as eligible securities for deposit, clearance and settlement in CCASS (other than the Listing Approval) having been satisfied not later than the Business Day prior to the first day of dealings in the Nil Paid Rights as set out in this prospectus and no notification having been received by the Company from HKSCC by such date that such admission or facility for holding and settlement has been or is to be refused;
- (5) the Stock Exchange issuing a certificate authorising registration of this prospectus with the Registrar of Companies in Hong Kong under section 342C of the Companies Ordinance not later than a Business Day before the Despatch Date (or such later time and/or date as the Company and the Joint Underwriters may agree in writing);
- (6) a duly certified copy of this prospectus (and other required documents) having been lodged with the Registrar of Companies in Hong Kong not later than a Business Day before the Despatch Date, and the Registrar of Companies in Hong Kong issuing a confirmation of registration letter not later than a Business Day before the Despatch Date;
- (7) posting of the Rights Issue Documents to Qualifying Shareholders not later than the Despatch Date (or such later time and/or date as the Company and the Joint Underwriters may agree in writing);

LETTER FROM THE BOARD

- (8) delivery of the duly executed counterparts of the Undertaking Letter and the Underwriting Agreement by the Undertaking Shareholder on the date of the Underwriting Agreement to the Company and the Joint Underwriters;
- (9) the representations and warranties of the Company and the Undertaking Shareholder referred to in the Underwriting Agreement remaining true and accurate in all material respects and none of the undertakings of the Company and the Undertaking Shareholder referred to in the Underwriting Agreement having been breached in any material respect;
- (10) compliance by the Undertaking Shareholder with all of its obligations under the Underwriting Agreement in all material respects and its obligations under the Undertaking Letter, and the Undertaking Letter not having been terminated;
- (11) receipt by the Joint Underwriters (in the form and substance to the satisfaction of the Joint Underwriters) of all relevant documents to be provided by the Company and/or the Undertaking Shareholder (as the case may be) by the times specified in the Underwriting Agreement; and
- (12) compliance by the Company with all of its obligations under the Underwriting Agreement in all material respects.

The Company and the Undertaking Shareholder shall use their reasonable best endeavours to procure the fulfilment of the respective conditions to be fulfilled by each of them set out in the Underwriting Agreement and in particular shall furnish such information, supply such documents, pay (in the case of the Company) such fees, give such undertakings and do all such acts and things as may reasonably be required by the Joint Underwriters and the Stock Exchange in connection with the listing of the Rights Shares.

The Joint Underwriters may at any time in writing waive any of the conditions as set out in the Underwriting Agreement (other than conditions (2), (3), (5) and (6) above) or extend the time or date for fulfilment of any condition (in which case a reference in the Underwriting Agreement to the satisfaction of such condition shall be to its fulfilment by the time or date as so extended) and such waiver or extension may be made subject to such terms and conditions as are determined by the Joint Underwriters.

If any of the conditions set out in the Underwriting Agreement (which has not previously been waived by the Joint Underwriters if capable of being waived under the Underwriting Agreement) is not fulfilled, or becomes incapable of fulfilment, on or prior to the specified relevant date for fulfilment of the relevant condition or, if no such date is so specified or referred to, are not fulfilled on or prior to the Latest Time for Termination (or, in any such case, such later date or dates as the Joint Underwriters may agree with the Company in writing), the Underwriting Agreement shall terminate (save in respect of certain rights or obligations under the Underwriting Agreement) and the Rights Issue will not proceed.

LETTER FROM THE BOARD

Lock up provisions under the Underwriting Agreement

The Company has undertaken to the Joint Underwriters, and the Undertaking Shareholder has undertaken to the Joint Underwriters to procure (to the extent within its power and control), that for the period from the date of the Underwriting Agreement and ending on the date which is 90 days from the date on which the Underwriting Agreement becomes unconditional (which is expected to be on or before Thursday, 16 May 2013), the Company shall not (except for the Rights Shares):

- (1) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares (except for the allotment or issue of Shares (i) upon exercise of the outstanding Share Options, or (ii) upon the conversion of the outstanding Convertible Bonds by the holders thereof);
- (2) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (1) above; or
- (3) announce any intention to enter into or effect any such transaction described in (1) or (2) above,

unless with the prior written consent of the Joint Underwriters (such consent not to be unreasonably withheld or delayed).

The Undertaking Shareholder has undertaken to the Joint Underwriters that it shall not and shall use its best endeavours to procure that companies controlled by it shall not, without first having obtained the prior written consent of the Joint Underwriters, transfer or otherwise dispose of (including without limitation by the creation of any option) or acquire any Share or any interest therein or any option, right or warrant in respect of any Share between the date of the Underwriting Agreement and the date of this prospectus (which is Friday, 26 April 2013).

The Undertaking Shareholder has undertaken to the Joint Underwriters that it shall not and shall use its best endeavours to procure that companies controlled by it shall not, without the prior written consent of the Joint Underwriters, transfer or otherwise dispose of (including without limitation by the creation of any option, right or warrant to purchase) or acquire (except by taking up Rights Shares provisionally allotted in respect of the Undertaking Shareholder's shareholding interest in the Company as beneficial owner pursuant to the Rights Issue or pursuant to the Underwriting Agreement or acquiring Nil Paid Rights or submitting EAFs) any Share or any interest therein between the date of this prospectus and the Latest Time for Acceptance.

LETTER FROM THE BOARD

The Undertaking Shareholder has undertaken to the Joint Underwriters that for the period from the date of the Underwriting Agreement and ending on the date which is 90 days from the date on which the Underwriting Agreement becomes unconditional (which is expected to be on or before Thursday, 16 May 2013) (the “**Lock-up Period**”), it shall not and shall procure that none of its nominee companies, its subsidiaries, its holding company, the subsidiaries of its holding company, and their respective nominees and affiliates (whether individually or together and whether directly or indirectly) shall:

- (1) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Rights Shares) or any interests therein beneficially owned or held by the Undertaking Shareholder or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests save for the creation of charges or encumbrances over such Shares for the purpose of financing arrangements provided that it will continue to remain as the owner of its interests in such Shares during the Lock-up Period;
- (2) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (1) above or this (2) is to be settled by delivery of Shares or such other securities, in cash or otherwise; or
- (3) announce any intention to enter into or effect any such transaction described in (1) or (2) above,

unless with the prior written consent of the Joint Underwriters (such consent not to be unreasonably withheld or delayed), provided that the above restrictions shall not apply (i) if the Underwriting Agreement does not become unconditional and is terminated, or (ii) if the Underwriting Agreement is terminated by the Joint Underwriters pursuant to the termination events in the Underwriting Agreement.

Termination of the Underwriting Agreement

The Joint Underwriters may, by notice in writing to the Company, served prior to the Latest Time for Termination, rescind or terminate the Underwriting Agreement if:

- (1) any matter or circumstance arises as a result of which any of the conditions set out in the Underwriting Agreement has become incapable of satisfaction as at the required time;
- (2) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Joint Underwriters, or there has been a material breach on the part of the Company or the Undertaking Shareholder of any other provisions of the Underwriting Agreement, or the Joint Underwriters have reasonable cause to believe that any such breach has occurred;

LETTER FROM THE BOARD

- (3) any event occurs or matter arises or is discovered, which, if it had occurred before the date of the Underwriting Agreement or before any time on which the representations, warranties and undertakings are deemed to be given by the Company and the Undertaking Shareholder (as the case may be) would have rendered any of those representations, warranties or undertakings untrue, inaccurate, incomplete or misleading in any respect, comes to the knowledge of the Joint Underwriters;
- (4) any statement contained in this prospectus has become or been discovered to be untrue, inaccurate, incomplete or misleading in any material respect;
- (5) any matter arises or is discovered which would, if this prospectus was to be issued at the time, constitute material omission therefrom;
- (6) there is any event or change or any other reason (whether or not permanent) which would result in a supplemental prospectus or any document of a similar nature is or being required to be issued, whether required by the Stock Exchange or not;
- (7) the Company's application to the main board of the Stock Exchange for permission for the listing of the Nil Paid Rights and Rights Shares and permission to deal in the Nil Paid Rights and Rights Shares on the Stock Exchange is withdrawn by the Company and/or refused by the Stock Exchange;
- (8) there is any adverse change or prospective adverse change in the business or in the financial or trading position or prospects of any member of the Group which is material in the context of the Rights Issue; or
- (9) there has occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable):
 - (i) any change in, or any event or series of events likely to result in any change in (whether or not permanent) the financial, political, economic, military, industrial, legal, fiscal, regulatory, currency or securities market matters or conditions or currency exchange rates or exchange controls (including without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the United States) in Hong Kong, the United States, the European Union, the United Kingdom or the PRC;
 - (ii) any new laws, rules, statutes, ordinances, regulations, guidelines or circulars (in each case, to the extent mandatory or, if not complied with, the basis for legal or regulatory consequences), orders, judgements, decrees or rulings of any governmental authority (the "Laws") or changes in existing Laws or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or the PRC;

LETTER FROM THE BOARD

- (iii) any event of force majeure affecting Hong Kong, the United States, the European Union, the United Kingdom or the PRC including, without limiting the generality thereof, any act of God, war, outbreak or escalation of hostilities (whether or not war is declared) or act of terrorism, or declaration of a national or international emergency or war, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, outbreak of an infectious disease, calamity, crisis, strike or lock-out (whether or not covered by insurance);
- (iv) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the Shanghai Stock Exchange, the London Stock Exchange, the New York Stock Exchange or any major disruption of any securities settlement or clearing services in Hong Kong, or on commercial banking activities in Hong Kong or the PRC, due to exceptional financial circumstances or otherwise;
- (v) a change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the United States, the European Union, the United Kingdom or the PRC; or
- (vi) any suspension of dealings in the Shares for a period of more than two Business Days (other than pending publication of announcing the Rights Issue),

which, in the sole opinion of the Joint Underwriters after consultation with the Company, where practicable:

- (i) has or will have, or is likely to have, a Material Adverse Effect or is or will be, or is likely to be, materially adverse to any present or prospective Shareholder in its capacity as such;
- (ii) has or will have or is likely to have a material adverse impact on the success of the Rights Issue or dealings in the Rights Shares in the secondary market; or
- (iii) makes it impracticable, inadvisable or inexpedient to proceed with the Rights Issue on the terms and in the manner contemplated in the Announcement and the Rights Issue Documents.

If prior to the Latest Time for Termination any notice to rescind or terminate the Underwriting Agreement is given by the Joint Underwriters, the obligations of all parties under the Underwriting Agreement shall terminate forthwith and no party shall have any claim against any other for costs, damages, compensation or otherwise (save in respect of certain rights or obligations under the Underwriting Agreement including rights of the parties thereto in respect of any antecedent breach). If the Joint Underwriters exercise such right, the Rights Issue will not proceed.

LETTER FROM THE BOARD

IRREVOCABLE UNDERTAKING OF THE UNDERTAKING SHAREHOLDER

Background of the Undertaking Shareholder

The Shui On Group is a Hong Kong-based, privately-held group with over 27 years of experience in the PRC real estate market and nearly 40 years of experience in the Hong Kong real estate market. The Undertaking Shareholder, the holding company of the Shui On Group, was incorporated in the British Virgin Islands in 1989.

As at the Record Date, the Undertaking Shareholder Subsidiaries had an interest in an aggregate of 3,406,502,286 Shares, representing approximately 56.76% of the total issued share capital of the Company as at the Record Date.

Undertaking by the Undertaking Shareholder

Pursuant to the Undertaking Letter, the Undertaking Shareholder has provided an irrevocable undertaking to the Company and the Joint Underwriters, that, among other things:

- (1) it will subscribe for, and procure that the Undertaking Shareholder Subsidiaries subscribe for, all the Rights Shares provisionally allotted to them in respect of their interests in the Shares as at the Record Date under the Rights Issue pursuant to the terms of the Rights Issue Documents and to lodge, or procure that the Undertaking Shareholder Subsidiaries lodge, with the Company acceptance in respect of such Rights Shares provisionally allotted to them, with payment in full therefor in cash by no later than 9:30 a.m. on the Latest Acceptance Date;
- (2) it will remain as the sole direct or indirect shareholder of all of the Undertaking Shareholder Subsidiaries and such companies will remain as the registered holders owning the legal and beneficial interests in the number of Shares in which each of them has an interest and it shall not dispose of or transfer (directly or indirectly, including without limitation by the creation of any option, charge or encumbrance or rights over or in respect of) its beneficial interests in any of such Shares save and except those existing at the date hereof from the date of the Undertaking Letter up to and including the Record Date, save for the creation of charges or encumbrances over such Shares for the purpose of financing arrangements provided that it will continue to remain as the owner of its interests in such Shares; and
- (3) it will procure that the Undertaking Shareholder Subsidiaries remain as its wholly-owned subsidiaries and as the registered holders of the Shares held by each of them and will procure that the Undertaking Shareholder Subsidiaries shall not dispose of or transfer (directly or indirectly, including without limitation by the creation of any option, charge or encumbrance or rights over or in respect of) their legal interests in any of the Shares owned by each of them from the date of the Undertaking Letter up to and including the Record Date, save for the creation of charges or encumbrances over such Shares for the purpose of financing arrangements provided that it will continue to remain as the owner of its interests in such Shares,

LETTER FROM THE BOARD

subject in each case to the Underwriting Agreement not having been terminated.

Save for the undertaking from the Undertaking Shareholder, the Company has not obtained any undertakings from any other Shareholders to subscribe for any or all of the Rights Shares to be provisionally allotted to them.

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

Changes in the Shareholding Structure of the Company arising from the Rights Issue

The changes in the shareholding structure of the Company arising from the Rights Issue are as follows:

	Shareholding immediately after completion of the Rights Issue^(Note 1)					
	As at the Record Date^(Note 1)		Assuming 0% of the Rights Issue taken up by the Qualifying Shareholders other than the Undertaking Shareholder Subsidiaries		Assuming 100% of the Rights Issue taken up by the Qualifying Shareholders	
	<i>No. of Shares</i>	<i>Approximate % of the total issued Shares</i>	<i>No. of Shares</i>	<i>Approximate % of the total issued Shares</i>	<i>No. of Shares</i>	<i>Approximate % of the total issued Shares</i>
Undertaking Shareholder Subsidiaries ^(Note 2)	3,406,502,286	56.76%	4,542,003,048	56.76%	4,542,003,048	56.76%
Other Shareholders	2,594,792,356	43.24%	2,594,792,356	32.43%	3,459,723,141	43.24%
Joint Underwriters ^(Note 3)	—	0.00%	864,930,785	10.81%	—	0.00%
Total:	<u>6,001,294,642</u>	<u>100.00%</u>	<u>8,001,726,189</u>	<u>100.00%</u>	<u>8,001,726,189</u>	<u>100.00%</u>

Notes:

- (1) Certain percentage figures included in this table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
- (2) Includes derivative interests in 7,627,620 Shares.
- (3) Pursuant solely to the Joint Underwriters' aggregate underwriting obligations under the Underwriting Agreement.

LETTER FROM THE BOARD

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL PAID RIGHTS

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. Please refer to the paragraph headed “Conditions of the Rights Issue and the Underwriting Agreement” above for further details. The Underwriting Agreement contains provisions granting the Joint Underwriters a right to terminate their obligations under the Underwriting Agreement upon the occurrence of certain events. Please refer to the section headed “Termination of the Underwriting Agreement” above for further details. If the Underwriting Agreement does not become unconditional or is terminated in accordance with its terms, then the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.

The Shares have been dealt in on an ex-rights basis from Thursday, 18 April 2013. Dealings in the Nil Paid Rights are expected to take place from Tuesday, 30 April 2013 to Wednesday, 8 May 2013 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Nil Paid Rights is advised to exercise caution when dealing in the Shares and/or the Nil Paid Rights.

Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the Nil Paid Rights up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

REASONS FOR THE RIGHTS ISSUE

The Directors consider it in the interests of the Company and the Shareholders as a whole to raise capital by way of the Rights Issue, which will enhance the Company’s capital base, strengthen its cash and financial positions and provide additional funding for the Group’s operations. In making this decision the Directors took into account the current market and economic conditions and uncertainties, and consider it prudent to raise capital by way of the Rights Issue at this time. The Rights Issue will allow all Qualifying Shareholders the opportunity to participate in the future development of the Company on equal terms by subscribing for their pro rata entitlements in the Rights Shares as well as applying for excess Rights Shares.

However, Qualifying Shareholders who do not take up in full the Rights Shares to which they are entitled, as well as Non-Qualifying Shareholders, should note that their shareholding in the Company will be diluted as a result of the Rights Issue.

LETTER FROM THE BOARD

USE OF PROCEEDS

The net proceeds of the Rights Issue are estimated to be approximately HK\$3,619.4 million after the deduction of all estimated expenses. The net price of each Rights Share is HK\$1.81. The expenses in relation to the Rights Issue (including the underwriting fee, printing, registration, legal, accounting and documentation charges) are estimated to be approximately HK\$57.4 million, and will be payable by the Company.

The Company intends to use the net proceeds of the Rights Issue solely to:

- (1) assist in accelerating the relocation process relating to the Shanghai Taipingqiao and Rui Hong Xin Cheng projects; and/or
- (2) acquire assets or businesses which are relevant to the Group's principal business (including shares or equity interests in any entity holding such assets or businesses) if and when suitable opportunities become available; and/or
- (3) repay the existing indebtedness of the Group.

No specific portions of such net proceeds are allocated to each of the three purposes above due to uncertainties relating to both the amount and timing of the relocation payments for the Shanghai Taipingqiao and Rui Hong Xin Cheng projects (which depend on reaching agreements with third parties and overall market and economic conditions) as well as the availability and timing of suitable acquisition opportunities. In light of these factors, which are beyond the Company's control, the Company may use some or all of the net proceeds from the Rights Issue to repay existing indebtedness as part of its cash management activities and effort to enhance its financial position and reduce finance costs.

TAXATION

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the Nil Paid Rights or the Rights Shares and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the Nil Paid Rights on their behalf.

EQUITY FUND RAISING EXERCISE OF THE COMPANY

The Company has not engaged in, or initiated, any equity fund raising exercises (including any rights issue exercise) during the 12 months immediately preceding the date of this prospectus.

SHAREHOLDERS' APPROVAL NOT REQUIRED FOR RIGHTS ISSUE

There is no requirement under the Listing Rules for the Rights Issue to be approved by Shareholders in a general meeting.

LETTER FROM THE BOARD

PUBLIC FLOAT

The Company will continue to comply with the public float requirement under Rule 8.08 of the Listing Rules after completion of the Rights Issue and in particular, if the public shareholding falls below the public float requirement approved by the Stock Exchange, the Company will take appropriate steps to ensure that sufficient public float exists.

POSSIBLE ADJUSTMENTS TO THE CONVERTIBLE BONDS AND THE SHARE OPTIONS

Subject to the Rights Issue becoming unconditional, the conversion price of the Convertible Bonds of HK\$4.47 per Share will be adjusted to HK\$3.97 per Share with retroactive effect from Thursday, 18 April 2013 (being the first day of trading of Shares on the Stock Exchange on an ex-rights basis) in accordance with the applicable adjustment formula provided in the terms and conditions of the Convertible Bonds. Please refer to the announcement of the Company dated 19 April 2013 for details of the above adjustment.

As a result of the Rights Issue, the exercise prices of, and/or the number or nominal amount of Shares subject to, the outstanding Share Options may be adjusted in accordance with the terms and conditions of the Share Option Scheme. The Company will make further announcements on the appropriate adjustments (if any) and the date they are expected to take effect in due course.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this prospectus.

Yours faithfully,
For and on behalf of the Board
Shui On Land Limited
Vincent H. S. LO
Chairman

RISK FACTORS

You should carefully consider, in addition to the other information contained in this prospectus, the risks described below before making an investment decision. The occurrence of any of the following events could harm us. If these events occur, the trading prices of our Shares and the Nil Paid Rights could decline, and you may lose all or part of your investment. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We are heavily dependent on the performance of the PRC property sector, particularly in Shanghai, Chongqing, Wuhan and Foshan.

We are subject to the conditions of the real estate market in the PRC generally and, in particular, Shanghai, Chongqing, Wuhan and Foshan. As at 31 December 2012, approximately 9,602,000 square metres, or approximately 99.9% of the total gross floor area of our projects (excluding our project in Dalian), were located in Shanghai, Chongqing, Wuhan and Foshan. Although we are pursuing, and will continue to pursue, opportunities in other cities in the PRC, our projects in such other cities are comparatively in earlier stages of development than our projects in Shanghai, Chongqing, Wuhan and Foshan. We expect that in the short-to-medium term, our business will continue to be significantly affected by the state of the property market in the PRC, particularly in Shanghai, Chongqing, Wuhan and Foshan. Any adverse developments in the supply of and demand for property or property prices in the PRC, particularly in Shanghai, Chongqing, Wuhan and Foshan, would have a material adverse effect on our business, financial condition and results of operations. In addition, the future demand for different types of properties is uncertain. If we do not respond to changes in market conditions or customer preferences in a timely manner, our results of operations may be adversely affected. There can be no assurance that our property development and investment activities will continue at past levels or that we will be able to benefit from the future growth, if any, of the property markets in Shanghai, Chongqing, Wuhan, Foshan or other parts of the PRC.

Increasing competition in the PRC property market may adversely affect our business and financial condition.

In recent years, a large number of property developers have undertaken property development and investment projects in the PRC, especially in major cities where our projects are located (such as Shanghai). Increasing competition among property developers in the PRC may increase the costs for land, construction, financing, raw materials, skilled management and labour resources. Although we aim to differentiate ourselves and our products from our competitors through various strategic initiatives, increasing competition could result in increased costs, reduced market share and falling property prices, any of which may materially and adversely affect our business, financial condition and results of operations.

RISK FACTORS

We may not be able to achieve our second three-year plan.

In mid-2009, we launched our first three-year plan, which was aimed at providing accelerated but sustainable growth and maintaining balance between value creation for the long term and cash generation in the short-to-medium term. The first three-year plan had the main objective of expediting project development and increasing project completion rate consistently and continuously. However, we did not achieve the plan's goal to deliver one million square metres of properties in 2012 due to changes in market conditions. Various phases of developments in different projects have been deferred to rationalise our inventory level and capital expenditure. For our second three-year plan, which will progressively unfold from 2013 to 2015, we have established as our overarching targets the acceleration of the development of the cleared sites in Shanghai and other cities, the realisation of value of our investment property portfolio for sustainable earnings growth and the deleveraging of our balance sheet. However, factors that are beyond our control, such as economic slowdown, change in government policy or change in market dynamics in the PRC property market, may affect the implementation of our second three-year plan or any new plan that is adopted and may materially and adversely affect our business, financial condition and results of operations. There can be no assurance that we will be able to achieve the objectives as planned or at all.

We may not be able to acquire suitable sites at reasonable prices for our future development projects.

Our core strategy is to develop city-core and integrated residential development projects. The success of our strategy and future growth depends upon, among other things, our ability to expand our land portfolio and to identify and acquire land plots in suitable locations at affordable prices. We may incur significant costs in identifying and evaluating suitable sites for development. Major Chinese cities such as Shanghai have experienced rapid land price increases in recent years and there is a limited supply of suitable plots available for development in such cities. As a result, we may not be able to acquire large plots of land in urban locations suitable for our development at affordable prices, or at all. We also face strong competition from other property developers for these sites.

Our ability to acquire sites depends upon PRC laws and regulations. In the PRC, the relevant government authorities control the supply of a majority of all available land, and both our ability to acquire land use rights for future development projects and the acquisition costs of these land use rights will be affected by PRC government policies toward land supply. Our ability to acquire sites will depend on the receipt of required approvals from the relevant authorities in the PRC. In addition, various local governments (including those in Shanghai, Chongqing, Wuhan and Foshan) and the central government have introduced regulations requiring that land use rights for commercial, cultural, entertainment, residential or office property developments be sold by public tender or auction. This requirement may increase our costs of acquiring suitable sites. The PRC central and local governments may also regulate the types of development projects that property developers, including us, may pursue. In recent years, the PRC government has promulgated policies that restrict banks from granting loans to finance the construction of luxury residential properties and limit or prohibit the supply of land available for projects such as villa-style developments, low-density housing developments and golf courses. For example, on 21 September 2010, the Ministry of Land and Resources (“MLR”) and the Ministry of Housing and Urban-Rural Development (“MOHURD”), formerly the Ministry of Construction, issued a notice that requires that more than 70% of land used

RISK FACTORS

for the construction of urban housing be designated for low-income housing, housing for the resettlement of shanty towns and small-to-medium-sized ordinary commercial housing, and that the plot ratio of the planned gross floor area to the total site area of residential projects be more than 1 to 1. If we are not able to acquire suitable sites at affordable prices, or at all, or if we are restricted in the types of projects we may pursue at specific sites, our business and growth prospects may be materially and adversely affected.

We require substantial capital resources to develop our existing and future projects, and we may not be able to obtain such resources.

We require substantial capital resources to acquire land and develop our existing and future projects. To date, we have relied on internally-generated funds, bank and other borrowings and the issuance of debt and equity securities. We expect that we will continue to rely on these sources of funds to finance our existing and future projects. There can be no assurance that we will have sufficient cash flow (including through pre-sales and sales of our properties and gains on disposal of equity interests in subsidiaries) or other resources to fund land acquisitions and property developments, among other things, because our cash flow may vary significantly from period to period. Furthermore, there can be no assurance that we will be able to obtain additional third-party financing on satisfactory terms or at all. As at 28 February 2013, our outstanding bank borrowings were RMB20,672 million. If we are unable to obtain additional third-party financing, we may not be able to undertake our future development projects or develop additional projects and our business development, if any, will be curtailed until such time when we are able to obtain additional capital resources.

Our ability to arrange adequate financing for land acquisitions or property developments on terms that will allow us to earn reasonable returns depends on a number of factors, many of which are outside of our control, including general economic conditions, credit available from financial institutions and monetary policy in the PRC. For example, since 2008, the People's Bank of China ("PBOC"), in response to changing economic conditions, has increased or decreased its reserve requirement ratio for commercial banks several times, with such ratio being at 19.0% effective from 20 January 2011, 19.5% effective from 24 February 2011, 20.0% effective from 25 March 2011, 20.5% effective from 21 April 2011, 21.0% effective from 18 May 2011, 21.5% effective from 20 June 2011, 21.0% effective from 5 December 2011, 20.5% effective from 24 February 2012 and 20.0% effective from 18 May 2012. The reserve requirement refers to the amount of funds that banks must hold in reserve with the PBOC against deposits made by their customers. Increases of the bank reserve requirement ratio may negatively impact the amount of funds available to lend to businesses, including ours, by commercial banks in China. On 29 September 2010, the PBOC and The China Banking Regulatory Commission ("CBRC") promulgated the Notice on Relevant Issues Concerning the Improvement of Differential Housing Credit Policies (關於完善差別化住房信貸政策有關問題的通知), which provides that all property companies with records of having idle land, changing the land use purpose and nature, delaying the project commencement or completion time and hoarding properties or other acts of non-compliance with applicable laws or regulations shall be restricted from obtaining bank loans or credit facilities for new projects.

RISK FACTORS

In addition, land use policies and procedures adopted by the PRC government occasionally may limit our ability to use bank loans and other forms of debt financing to finance our property developments, which may require us to maintain a relatively high level of internally-sourced cash to meet project financing needs. In November 2009, the PRC government raised the minimum down payment of land premium to 50%. In March 2010, the PRC government further tightened this requirement by setting the minimum land premium at no less than 70% of the benchmark price of the locality where the parcel of land is granted and the bidding deposit at no less than 20% of the minimum land premium. Additionally, a land grant contract is required to be entered into within 10 working days after the land grant deal is closed, and the 50% minimum down payment land premium is required to be paid within one month of signing the land grant contract, with the remaining amount to be paid in full within one year of the date of the land grant contract in accordance with provisions of such land grant contract, subject to limited exceptions. These tight timing requirements limit our ability to use bank loans and other debt financings, which typically require substantial lead-time before funds are obtained, to finance such land premium payment requirements. This restraint on financing, in turn, constrains the number of land acquisition and construction opportunities we may pursue with cash on hand.

There can be no assurance that we will have adequate resources to fund land acquisitions (including any unpaid land premiums for past acquisitions) or property developments, or that the PRC government will not introduce other initiatives which may limit our access to capital resources. If we do not have adequate resources to fund our land acquisitions or property developments, or if our access to capital resources are further limited, our business and financial condition may be materially and adversely affected.

We may not be able to obtain land use rights certificates for certain parcels of land in which we currently have various interests.

We are generally allowed to commence our development of a project once the land has been delivered to us and we have entered into a land grant contract or registered a land use transfer agreement, as the case may be, with the relevant authorities. However, the land use rights with respect to a property will not be vested in us until we have paid the land grant premium, completed the process of relocating local residents from the site area, and received the corresponding land use rights certificate. As only a portion of the lots in our projects are currently under construction, and as a result of our strategic decision on the appropriate timing in obtaining land use rights certificates, we do not currently possess land use rights certificates with respect to certain parcels of land associated with our projects for which we have signed land contracts or transfer documents or hold other forms of interest, including certain parcels of land for the Shanghai Taipingqiao project, the Chongqing Tiandi project, Site B of the Wuhan Tiandi project, the Foshan Lingnan Tiandi project and the Dalian Tiandi project. There can be no assurance that the land authorities will grant us the appropriate land use rights in a timely manner, or at all. If we cannot obtain land use rights certificates for our development projects, we may not be able to lease or sell the portions of the project where we do not have land use rights certificates, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

RISK FACTORS

We are party to various long-term agreements with regional and local PRC government entities which may not be implemented as planned.

We frequently develop properties in cooperation with regional and local PRC governments or their related entities, including pursuant to master agreements, joint venture agreements, land grant contracts and other agreements. Those agreements pose enforcement and other risks, particularly in light of the relatively long execution periods in some cases and potential changes in PRC government policies and priorities. We cannot guarantee that related regional and local PRC government policies will not be changed in the future, which in turn may result in changes to the manner of implementation of or modifications to such agreements on terms that are not favourable to us, including changes to the price for the land use rights to the land parcel concerned. In addition, there is limited precedent for the enforcement of contracts of this type against regional and local PRC government entities, and there can be no assurance that such agreements can be enforced as contemplated or at all, or that title to the land parcel subject to these master agreements, joint venture agreements, land grant contracts and other agreements can be obtained. If any of these land grant contracts, land supply contracts or master agreements are not implemented as agreed, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We may not receive full compensation for assistance we provide to local governments to clear land for government land sales.

In certain cases where we are interested in acquiring land, we may assist local governments in clearing the land and relocating the original residents so that the land is ready for tender, auction and listing-for-sale. In such cases, we enter into land clearance agreements with the relevant land authorities, under which we are reimbursed for expenses we incur for land clearance and relocation and we are entitled to a portion of the profit realised by the local government on the land sale. However, such land clearance arrangements do not give us exclusive rights to acquire the land use rights for the relevant land, and we do not control the timing of the sale of the land use rights in the land that we have cleared nor do we have any influence on the price for which such land use rights are sold. Sales of the land use rights are conducted by the relevant local government land authorities, through a bidding, auction or listing-for-sale process. There can be no assurance that we will win any such bid on land that we have cleared under the land clearance agreements in a timely manner or at all, nor can there be any assurance that the relevant land authority will achieve an optimal price for the sale of such land use rights. There can be no assurance that we will be reimbursed for the expenses that we incur in connection with such land clearance, or that we will receive any profit from such land use right sales. Further, the PRC State Council on 3 January 2008 issued the Notice on Promoting the Land Saving and Intensive Use (關於促進節約集約用地的通知), which requires the use of a public bidding process in selecting implement companies to assist the local governments with land early development. The PRC State Council promulgated the Regulation on the Expropriation of Buildings on State-owned Land and Compensation (國有土地上房屋徵收與補償條例) on 21 January 2011. According to these regulations, construction units shall not participate in the relocation work in connection with the land clearance. The units responsible for the execution of expropriation and compensation shall not benefit from the execution work, and the value of the buildings should be based on a valuation report issued by a certified valuation institution. Therefore, with the

RISK FACTORS

implementation of this new policy, we may not participate in such land clearance work anymore. The MOHURD promulgated Valuation Rules on Expropriation of Buildings on State-owned Land (國有土地上房屋徵收評估辦法) on 3 June 2011, which sets forth rules for choosing a valuation institution and determining a valuation.

For some of our development projects, we are required to relocate existing residents and pay relocation costs, and the relocation process may not be completed as planned.

Subject to the provisions of our land grant contracts, we or the relevant land authorities are responsible for relocating existing residents and demolishing existing structures on the project sites. In cases where we are responsible for relocation, we are required to compensate the owners or residents of existing buildings on land to be developed for relocation in accordance with applicable law. Regardless of whether we or the relevant land authorities are responsible for relocating existing residents, if any resident is dissatisfied with the relocation compensation and refuses to move, we or the land authorities may seek to resolve the dispute by negotiating with the relevant resident to reach a mutually acceptable relocation compensation arrangement, or by applying to the relevant land authority (where the existing buildings are located) for its determination of whether the relocation compensation and relocation timetable comply with PRC law. The relevant land authority will then make a decision as to the proper costs and timetable arrangements. Such disputes may substantially increase the relocation costs paid by us and delay the proposed construction process. We have experienced delays beyond our originally anticipated timeframes in the relocation process for, and consequently the construction of, some of our projects in Shanghai, which resulted in an increase in our development costs. If a large number of residents refuse to accept the relocation arrangements for any of our existing or future projects, or if there are similar delays beyond our expected timeframe in the relocation process of any of our existing or future projects, we may not be able or willing to proceed with the proposed development and our returns and results of operations may be adversely affected. In addition, there can be no assurance that the relevant land authorities will not further change their policies on relocation, the relocation compensation formulae or their rules and requirements on other related matters. If they do so, our construction costs could substantially increase and our relocation timetable could be further delayed, which would materially and adversely affect our business, financial condition and results of operations.

Our financing costs are affected by changes in interest rates.

Our financing costs and our results of operations are affected by changes in interest rates. A substantial portion of our borrowings are linked to benchmark lending rates such as those published by the PBOC or the Hong Kong Interbank Offer Rate (“HIBOR”). The PBOC benchmark lending rates and HIBOR are subject to market movement. The PBOC raised the benchmark one-year lending rate several times from 5.58% in October 2004 to 7.47% in December 2007. While the PBOC, in view of the global economic downturn, has lowered such rate several times to 5.31% as at 23 December 2008, on 26 December 2010, 9 February 2011, 6 April 2011 and 7 July 2011, such rate was further raised to 5.81%, 6.06%, 6.31% and 6.56%, respectively. In view of the risk of a downward trend in the economy, the PBOC then lowered such rate to 6.31% on 8 June 2012 and to 6.00% on 6 July 2012. However, the PBOC may continue to raise lending rates in the future, which could adversely affect our business, financial condition and results of operations. There can be no assurance that the lending rates published by the PBOC or the HIBOR rate will not be increased in the future or that our business,

RISK FACTORS

financial condition and results of operations will not be materially and adversely affected as a result of these increases. As at 28 February 2013, the effective interest rate on our aggregate bank and other borrowings was 5.72% and we had consolidated bank and other borrowings of RMB20,672 million with maturity ranging from one to 10 years. Our interest expense on bank loans and overdrafts for 2010, 2011 and 2012 was RMB573 million RMB790 million and RMB1,063 million, respectively.

We depend on key management personnel.

Our success and growth depends on our ability to identify, hire, train and retain suitably skilled and qualified employees, including key management personnel with the requisite industry expertise. In particular, we depend on the efforts of Mr. Lo, our Chairman. Mr. Lo is our founder and started the Shui On Group in 1971. With over 40 years' experience in the industry, Mr. Lo has developed many relationships that are crucial to our business. If we were to lose his services, our operations could be adversely affected. Mr. Lo is also the Chairman of the Shui On Group and the Chairman of SOCAM. These outside business interests may restrict his ability to devote his time to our business and affairs as much as we may need.

Our other members of senior management and key employees are also important to our success. The loss of any of our senior management or key employees could have a material adverse effect on our business if we are unable to find suitable replacements in a timely manner. Competition for such personnel is intense, the pool of qualified candidates is very limited and we may not be able to retain the services of our senior executives or key personnel or attract and retain high-quality senior executives or key personnel in the future. In addition, if any member of our senior management team or any of our other key personnel joins a competitor or forms a competing company, we may lose customers, key professionals or staff members and our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our major shareholders are able to exercise substantial influence over our corporate policies and direct the outcome of corporate actions.

As at the Latest Practicable Date, Shui On Properties Limited and Shui On Investment Company Limited (each being a wholly owned subsidiary of the Undertaking Shareholder) and New Rainbow Investments Limited (being a wholly owned subsidiary of SOCAM), collectively referred to as the "**Principal Shareholders,**" together owned approximately 56.90% of the issued share capital of the Company. Subject to compliance with applicable laws, by maintaining such ownership, the Principal Shareholders are able to exercise substantial influence over our corporate policies, appoint our directors and officers and vote on corporate actions requiring shareholders' approval. In addition, our Chairman, Mr. Lo, is a controlling owner of the Principal Shareholders and is able to exercise substantial control over our business. The strategic goals and interests of the Principal Shareholders may not be aligned with our strategy and interests and could reduce the level of management flexibility that would otherwise exist with a more diversified shareholder base. In circumstances involving a conflict of interests between the Principal Shareholders and the Shareholders, there can be no assurance that the Principal Shareholders would not exercise their power to control us in a manner that would benefit them to the detriment of the Shareholders, despite the fact that any connected transactions between and among the Principal Shareholders and us are subject to the Listing Rules.

RISK FACTORS

Our turnover, cash-flow and results of operations may vary significantly from period to period.

Our turnover, cash-flow and results of operations for each period depend primarily on the number of properties that become available for sale or pre-sale in such period. Turnover from sales of completed properties is recognised when the legally binding sales contracts are signed and exchanged and the conditions precedent contained in such contracts are satisfied, while turnover from pre-sales of properties under development is recognised upon the delivery of the properties to the purchasers pursuant to sale and purchase agreements. As a result of our turnover recognition policy, we recognise the majority of our turnover after a significant passage of time from the date of the pre-sale. In addition, while the pre-sale of our property generates positive cash flow for us in the period in which it takes place, we must place a portion of the proceeds in restricted bank accounts and may only use such proceeds for specified purposes until the completion of the property development. We cannot predict with certainty the time of the completion and delivery of a property, and hence the time of the turnover recognition from any pre-sale and our ability to use all the proceeds for such pre-sale, as the completion of any property development will vary according to its construction timetable and the time required to obtain the occupation permit.

Accordingly, due to the volatile nature of the turnover we generate from property development, the periods discussed in our financial statements included in this prospectus may not be comparable to each other or other future periods. In addition, our results of operations and cash flows may fluctuate significantly from period to period, and are likely to continue to do so for the foreseeable future.

Our profit margin is sensitive to fluctuations in the cost of construction materials.

Construction costs comprise one of the major components of our cost of sales. Construction costs encompass all costs for the design and construction of a project, including payments to third-party contractors, costs of construction materials, foundation and substructure, fittings and facilities for utilities and related infrastructure such as roads and pipelines.

Construction costs may fluctuate as a result of the volatile price movement of construction materials such as steel and cement, which are difficult to estimate or predict. We seek to reduce our exposure to short-term price fluctuations of construction materials and limit project cost overruns by outsourcing construction work, including the procurement of the principal construction materials of our property development projects, such as steel and cement, at fixed prices. We often include construction material costs in the total construction costs paid to our contractors as part of the construction contracts with such contractors. However, in line with industry practice, if there is a significant price fluctuation (depending on the specific terms of each contract), we will be required to re-negotiate, top up or refund, depending on the price movement, existing construction contracts. Additionally, should our existing contractors fail to perform under their contracts, we might have to pay more to other contractors under replacement contracts. Our profit margin is sensitive to changes in the market prices for construction materials and our project margins will be adversely affected if we are not able to pass the increased costs onto our customers.

RISK FACTORS

Our use of joint ventures may limit our flexibility with respect to our joint investments.

We frequently develop properties in cooperation with local governments and third parties. As at 31 December 2012, our equity interest in these joint ventures was between 49.98% and 99.0%. As at 31 December 2012, we owned 99.0% and 49.98%, respectively, of the joint venture companies that developed Casa Lakeville and Lot 116 of the Shanghai Taipingqiao Project and had a 79.01% interest in our joint venture for the development of the Shanghai Rui Hong Xin Cheng project, with the exception of certain lots, in which we had a higher equity interest, and the non-retail portion of a particular lot, in which we had a 99.0% interest. As at 31 December 2012, we held a 75.0% interest in our joint venture for the development of the Wuhan Tiandi project and an 86.8% interest in our joint venture for the Shanghai KIC project, with the exception of a particular lot, in which we had a 99.0% interest. As at 31 December 2012, we had a 79.4% interest in our joint venture for the development of the Chongqing Tiandi project, with the exception of a particular lot, in which we had a lower equity interest, and had a 48.0% interest in our joint venture for the development of the Dalian Tiandi project, with the exception of certain lots, in which we had a lower equity interest. As at 31 December 2012, we had a 55.9% interest in our joint venture for the development of Foshan Lots 6 and 16. As at the Latest Practicable Date, we had a 54.92% attributable interest in Foshan Yong Rui, our joint venture for the development of Foshan Lot 18. Although we generally have control over the management of the joint ventures in which we have a majority equity interest, the adoption of certain important board decisions requires the unanimous resolution of all the directors of these companies, some of whom are appointed by the relevant joint venture partners. As a result, our participation in these joint venture arrangements is subject to risks, amongst others, that:

- we may not be able to pass certain important board resolutions requiring the unanimous consent of all the directors of our PRC subsidiaries if there is a disagreement between us and our joint venture partner;
- a disagreement with any of our joint venture partners in connection with the scope or performance of our respective obligations under the project or joint venture arrangement might affect our ability to develop or operate a property;
- our joint venture partners may have different economic or business objectives;
- our joint venture partners may be unable or unwilling to perform their obligations under the joint venture arrangements with us, including their obligation to make required capital contributions and shareholder loans, whether as a result of financial difficulties or otherwise;
- our joint venture partners may take actions contrary to our instructions or requests or contrary to our policies or objectives; and
- our joint venture partners may have financial difficulties.

RISK FACTORS

A serious dispute with our joint venture partners or project development partners or the early termination of our joint venture or cooperation arrangements could adversely affect our business, financial condition and results of operations. Should a situation arise in which we cannot complete a project being jointly developed with our joint venture partners or property development partners due to one of the above reasons, or for any other reason, the rights and obligations of each party with respect to the uncompleted project will be determined as specified under the relevant joint venture or cooperation agreements. To the extent that such agreements are silent or inconclusive with regard to such rights and obligations, the resolution of any dispute may require arbitration or, failing that, litigation, which could have a material and adverse effect on our business, results of operations and financial condition.

In the event that we encounter any of the foregoing problems with respect to our joint venture partners or project development partners, our business operations, profitability and prospects may be materially and adversely affected.

Our subsidiary companies may not be entitled to continue to receive the benefit of certain financial subsidies.

Certain of our subsidiary companies with respect to the Shanghai Rui Hong Xin Cheng, Wuhan Tiandi and Chongqing Tiandi projects have entered into arrangements with local governments pursuant to which the local governments have agreed to provide financial subsidies to them. The National People's Congress, the State Council and the Ministry of Finance have adopted a variety of laws and notices requiring local authorities to cease making refunds of certain local taxes. In addition, Article 84 of the Law on the Administration of Tax Collection of the PRC (as revised, with effect from 1 May 2001) provides that a taxpayer may be ordered to repay any taxes which were refunded in violation of laws and regulations. In the event that these financial subsidies are considered to be tax refunds, the relevant subsidies might be exposed to challenges and may be required to be returned. There can be no assurance that the relevant tax authorities in the PRC will not deem the financial subsidies to be tax refunds and require that these subsidies be returned to the government.

Our results of operations for each of the years ended 31 December 2010, 2011 and 2012 included increases in fair value of our investment properties, which were unrealised.

For the years ended 2010, 2011 and 2012, we had an increase in the fair value of our investment properties representing respectively 62.1%, 44.5% and 72.6% of our profit before tax. Upward revaluation adjustments reflect unrealised capital gains on our investment properties at the relevant balance sheet dates, are not profits generated from sales or rentals of our investment properties and do not generate any actual cash inflow to us for potential dividend distribution to our shareholders until such investment properties are disposed of at similarly revalued amounts. The amount of revaluation adjustments have been, and may continue to be, significantly affected by the prevailing property markets and also may be subject to market fluctuations. There can be no assurance that we will continue to record similar levels of increase in the fair value of our investment properties in the future. Moreover, the fair value of our investment properties could decrease in the event that the market for comparable properties in the PRC experiences a downturn as a result of PRC government policies aimed at "cooling-off" the property market, or otherwise. Any such decrease in the fair value of our investment properties may materially and adversely affect our profitability.

RISK FACTORS

The valuations of our property interests are based on assumptions that may not materialise.

As permitted by the International Financial Reporting Standards (“IFRS”), we value our commercial properties annually at their open market value on the basis of professional valuations. The valuations are based on certain assumptions, which, by their nature, are subjective, uncertain and may differ materially from actual results. For example, with respect to commercial properties under development and planned for future development, the valuations are based on assumptions that (a) the properties will be developed and completed in accordance with the development proposals; and (b) regulatory and governmental approvals for the proposals have been obtained. The valuations are also based on the assumptions that the site and gross floor areas of the commercial properties are correct and that the commercial properties are free from encumbrances or other restrictions that could affect their values. Accordingly, the valuations are not a prediction of the actual value we expect to achieve from these commercial properties. Unanticipated results or changes in particular property developments, or changes in general or local economic conditions or other relevant factors, including changes in government regulations, could affect such values. In addition, valuation differences are recognised in our income statement. Accordingly, a decrease in the value of our commercial properties would reduce the amount of our net income and could result in a net loss during a particular period.

We may suffer losses that are not covered by insurance.

We may not maintain sufficient insurance coverage against potential losses or damages with respect to our properties. Our business may be adversely affected due to the occurrence of typhoons, severe storms, earthquakes, floods, fires or other natural disasters or similar events in the areas of our property developments. Although we carry insurance on our properties with respect to specified catastrophic events, and of types and in amounts and with deductibles and limitations that we believe are in line with coverage customarily obtained by owners of similar properties, there are other types of losses, such as from war and acts of terrorism, for which we cannot obtain insurance at a reasonable cost, or at all. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital invested in a property as well as the anticipated future turnover from the property. Additionally, we might remain liable for any project construction loans, mortgage loans or other financial obligations related to the property. It is also possible that third-party insurance carriers will not be able to maintain reinsurance sufficient to cover any losses that may be incurred. Any material uninsured loss could materially and adversely affect our business, financial condition and results of operations.

In addition, we have to renew our policies every one or two years and negotiate acceptable terms for coverage, exposing us to the volatility of the insurance markets, including the possibility of rate increases. While we regularly monitor the state of the insurance market, we cannot anticipate what coverage will be available on commercially reasonable terms in future policy years. Any material increase in insurance premiums or decrease in available coverage in the future could materially and adversely affect our results of operations and financial condition.

RISK FACTORS

We face risks related to the pre-sale of properties, including the risk that property developments will not be completed.

We face risks relating to the pre-sale of properties. For example, we may fail to complete, or fail to complete on time, a fully or partially pre-sold property development as set forth in the relevant sale and purchase agreements, in which case we would find ourselves liable to purchasers of presold units for losses suffered by them. There can be no assurance that these losses would not exceed any deposits that may have been made with respect to the presold units. If a pre-sold property development is not completed on time, the purchaser may be entitled to compensation for late delivery. If the delay extends beyond the contractually specified period, or if the actual gross floor area of a completed property delivered to a purchaser deviated by more than three percent from the gross floor area originally indicated in the purchase contract, the purchaser would be entitled to terminate the purchase contract and claim damages.

On 5 August 2005, the PBOC issued a report entitled “2004 Real Estate Financing Report” in which it recommended that the practice of pre-selling uncompleted properties be discontinued, on the grounds that it creates significant market risks and generates transactional irregularities. On 5 March 2010, a government work report delivered by Chinese Premier Wen Jiabao at the Third Session of the 11th National People’s Congress pointed out that the PRC government will improve the pre-sale system of commodity housing. For example, the Shanghai local government has adjusted the completion progress level for the pre-sale of commodity residential housing projects that obtained a “Permit for Construction Work” after 1 July 2010. Those residential housing projects are required to have completed the main structural works and passed examination before they can be available for pre-sale, thereby raising the standard for pre-sale. There can be no assurance that the PRC governmental authority will not ban the practice of pre-selling uncompleted properties or implement further restrictions on the pre-sale of properties, such as imposing additional conditions for a pre-sale permit or further restrictions on the use of pre-sale proceeds. Proceeds from the pre-sale of our properties are an important source of financing for our property developments. Consequently, any restriction on our ability to pre-sell our properties, including any increase in the amount of up-front expenditure we must incur prior to obtaining the pre-sale permit, would extend the time period required for recovery of our capital outlay and would result in our needing to seek alternative means to finance the various stages of our property developments. This, in turn, could have a material and adverse effect on our business, cash flow, results of operations and financial condition.

We face various uncertainties in the process of property development before we realise any benefits.

Property developments typically require substantial capital outlays during the construction period and may take months or years before positive cash flows can be generated by pre-sales or sales of completed property developments, if such cash flows can be generated at all. The time and costs required to complete a property development may be subject to substantial increases due to many factors, including shortages of materials, equipment, technical skills and labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents, changes in government priorities and policies, changes in market conditions, delays in obtaining the requisite licenses, permits and approvals from the relevant authorities and other unforeseeable problems and circumstances. Any of these factors may lead to delays in, or prevent, the completion of a property development and result in costs substantially exceeding those originally budgeted. In addition, failure

RISK FACTORS

to complete a property development according to its original specifications or schedule, or at all, may give rise to potential liabilities and, as a result, our returns on investments may be lower than originally expected. There can be no assurance that we will be able to complete our development projects on time or at all.

The recent global economic slowdown, Eurozone crisis and turmoil in the global financial markets have negatively impacted, and may continue to negatively impact, our business and our ability to obtain necessary financing for our operations.

The recent global economic slowdown, Eurozone crisis and turmoil in the global financial markets have resulted in a general credit crunch, an increased level of commercial and consumer delinquencies, lack of consumer confidence and increased market volatility. This global economic slowdown has had a negative impact on property markets and property prices in the PRC. For example:

- slower economic growth and tightened credit have resulted in lower demand for residential and commercial properties and declining property prices, which in turn have affected our turnover and profit margin;
- weaker economic conditions have also affected the ability and speed of property developers in commencing new development projects or selling existing ones; and
- the tightening of credit has negatively impacted the ability of property developers and potential property purchasers to obtain financing.

The outlook for financial markets and the general economy around the world remains uncertain. In Europe, several countries are facing difficulties in refinancing sovereign debt and potential bankruptcy. In the United States, the unemployment rate remains high and recovery in the housing and job market remains subdued. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy, excessive foreign fund inflow, or both. In the Middle East, political unrest in various countries has resulted in economic instability and uncertainty.

These and other issues resulting from the global economic slowdown and financial market turmoil have adversely impacted, and may continue adversely impacting, home owners and potential property purchasers, which may lead to a decline in the general demand for our products and erosion of their selling prices. If the global economic slowdown, Eurozone crisis and turmoil in the financial markets do not significantly improve, our business, financial condition and results of operations may be negatively impacted.

Our sales strategy in Shanghai and Wuhan may be affected by local regulations that require a launch of property sales with a minimum gross floor area of 30,000 square metres.

According to the Notice to Further Strengthen the Supervision of Commodity Property Sales (關於進一步加強本市商品房銷售監管工作的通知) issued by the Shanghai Municipal Real Estate and Land Resources Administrative Bureau on 10 August 2007 and the Interim Regulations on the Administration of the Pre-Sale of Commodity Property in Wuhan (武漢市商品房預售方案管理暫行規

RISK FACTORS

定) issued by the Wuhan Housing Security and Administration Bureau on 30 June 2010, real estate companies in Shanghai and Wuhan must, with respect to any project, launch a one-time pre-sale event for all properties in such project, or if multiple launches are necessary, a portion of the properties with a gross floor area of no less than 30,000 square metres. We generally pre-sell properties before they are completed and ready for delivery. We currently have four projects in Shanghai and one project in Wuhan. The sale of properties in Shanghai and Wuhan accounted for the majority of our turnover in 2010, 2011 and 2012. Such local requirements restrict our ability to adopt certain sales strategies, such as testing the market by launching a small portion of our properties in order to determine the price for pre-sales of the remaining properties. Moreover, requirements for a minimum gross floor area to be launched each time may create an oversupply of properties in certain areas within a certain period of time, which in turn may result in lower-than-market price for pre-sold properties. There can be no assurance that we will be able to adopt a proper sales strategy in that situation, and if we fail to do so, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to legal and business risks if we fail to obtain formal qualification certificates.

Property developers in the PRC must obtain a formal qualification certificate in order to engage in a property development business. According to the Provisions on Administration Qualification Certificates of Property Developers (房地產開發企業資質管理規定), newly established developers must first apply for a temporary qualification certificate valid for one year, which can be renewed for a maximum of two additional one-year periods. Entities engaged in property management or interior decoration should also obtain qualification certifications before commencing their business, according to the Measures on Administration of Qualification Certificates of Property Service Enterprises (物業服務企業資質管理辦法) and the Provisions on Administration of Qualification Certificates of Construction Enterprises (建築業企業資質管理規定).

If a newly established property developer fails to commence developing property within one year of the provisional qualification certificate becoming effective, it will not be allowed to extend its provisional qualification certificate. Experienced property developers must also apply for renewal of their qualification certificates once every two to three years in most cities, subject to an annual verification by the relevant governmental authorities. It is mandatory under government regulations that developers fulfil all statutory requirements before obtaining or renewing their qualification certificates. In reviewing the renewal of a qualification certificate, the local authority takes into account the property developer's registered capital, property development investments, history of property development, quality of property construction, the expertise of the developer's management as well as whether or not the property developer has any illegal or inappropriate operations. Each of our project companies is responsible for, and monitors, the annual submission of its renewal application.

Property developers in the PRC must also produce a valid qualification certificate when they apply for a pre-sale permit. If any one of our project companies is unable to meet the relevant requirements, and is therefore unable to obtain or renew its qualification certificate, that project company will typically be given a grace period to rectify any insufficiency or non-compliance issue, subject to a penalty of between RMB50,000 and RMB100,000. Failure to meet the requirements within the specified timeframe could result in the revocation of the qualification certificate and the business

RISK FACTORS

license of such project company. As at 31 December 2012, none of our project companies was in the process of applying for a pre-sales permit. However, there can be no assurance that the qualification certificates of any of our project companies will continue to be renewed or that formal qualification certificates will be obtained in a timely manner, or at all, as and when they expire. If our project or project management companies are unable to obtain or renew their qualification certificates, they may not be permitted to continue their businesses with respect to property development and management, which could materially and adversely affect our business, results of operations and financial condition.

Any failure to protect our brand and trademarks could have a negative impact on our business.

We believe our brands and trademarks are critical to our success. Any unauthorised use of our brands, trademarks or other intellectual property rights could harm our competitive advantages and business. Historically, China has not protected intellectual property rights to the same extent as certain other countries, and infringement of intellectual property rights continues to pose a serious risk when doing business in China. The measures we take to protect our brand and trademarks may not be adequate. Furthermore, the application of laws governing intellectual property rights in China and abroad is uncertain and evolving. If we are unable to adequately protect our brand, trademarks and other intellectual property rights, we may lose these rights, which may have a material and adverse effect on our business, financial condition and results of operations.

We may, from time to time, be involved in legal disputes and other proceedings arising out of our operations, and as a result, may face significant liabilities.

We may be involved in disputes with various parties involved in the development and sale of our properties, including contractors, suppliers, construction workers, original residents, partners, banks and purchasers. These disputes may lead to protests or other proceedings and may result in damage to our reputation, substantial costs and diversion of resources and management's attention. As most of our projects are comprised of multiple phases, purchasers of our properties in earlier phases may file legal actions against us if our subsequent planning and development of the projects is perceived to be inconsistent with our representations and warranties made to such earlier purchasers. In addition, we may have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavourable decrees that result in liabilities and cause delays to our property developments.

Our results of operations may be adversely affected if we fail to obtain, or there are material delays in obtaining, requisite governmental approvals for a significant number of our property developments or if the registered capital of any one of our PRC subsidiaries is not paid in a timely manner.

The real estate industry in the PRC is heavily regulated by the PRC government. PRC property developers must comply with various requirements mandated by national and local laws and regulations, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations. In order to develop and complete a property development, a property developer must obtain various permits, licenses, certificates and other approvals from the relevant administrative authorities at various stages of the property development, including land use rights documents, planning permits, construction permits, pre-sale permits and

RISK FACTORS

certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions. There can be no assurance that we will not encounter material delays or other impediments in fulfilling the conditions precedent to the approvals, or that we will be able to adapt ourselves to new laws, regulations or policies that may come into effect from time to time with respect to the real estate industry in general or the particular processes with respect to the granting of approvals. There may also be delays on the part of the administrative bodies in reviewing our applications and granting approvals. If we fail to obtain, or encounter material delays in obtaining, the requisite governmental approvals, the schedule of development and sale of our developments could be substantially disrupted which would materially and adversely affect our business, results of operations and financial condition. In addition, we are required to fully pay up the registered capital of our PRC subsidiaries within a stipulated timeframe or otherwise obtain timely extension from the relevant authorities. Certain of our PRC subsidiaries are currently seeking such extensions. Any failure to obtain timely extensions may materially and adversely affect the operations of the relevant PRC subsidiary and, in turn, our business, results of operations and financial condition.

We may have non-compliant gross floor area at some of our completed property developments which may be subject to governmental approval and additional payments.

The local government authorities inspect our property developments after completion and issue completion certificates if the developments are in compliance with the relevant laws and regulations. If the total constructed gross floor area of a property development exceeds the amount of gross floor area authorised in the relevant land grant contracts or construction permit, or if the completed property contains built-up areas that are not in conformity with the plan authorised by the construction permit, we may be required to make additional payments or take corrective actions with respect to such non-compliant gross floor area before the property development may obtain a completion certificate. If we fail to obtain the completion certificate due to such non-compliance, we will not be allowed to deliver the relevant properties or recognise the turnover from the relevant pre-sold properties and may also be subject to liabilities under the pre-sale contracts. There can be no assurance that the local government authorities will not find that the total constructed gross floor area of our existing projects under development or any future property developments exceeds the relevant authorised gross floor area upon completion.

We may be unable to renew tenancies or re-lease space at rental rates equal to or above the current rental rates, or at all, for our investment properties.

A portion of our turnover is derived from rental income from our office, retail, entertainment and cultural properties held as investment properties. Turnover from property investment contributed approximately 14.5%, 10.0% and 25.9% of our total turnover for the years ended 31 December 2010, 2011 and 2012, respectively. Our financial performance may be materially and adversely affected should rental or occupancy levels decline, if we experience difficulties in securing lease renewals or obtaining new tenants or if existing tenants reduce the amount of space that they occupy for any reason. Currently, a majority of our tenancy agreements will expire within five years. There can be no assurance that tenants will renew their leases upon expiration or that we will be able to find replacement tenants at rental rates equal to or higher than those of the expiring tenancies. Moreover, we may be unable to obtain replacement tenants in time so as to minimise vacancy periods in between

RISK FACTORS

tenancies or to obtain rental rates equal to or above the current rental rates. Furthermore, if vacant space cannot be leased out for a significant period of time, the market value of our investment properties may be adversely affected. Any such situation may materially and adversely affect our business, financial condition and results of operations.

We may not be able to generate adequate returns on our properties held for long-term investment purposes.

We incur significant construction and capital expenditures for the development and renovation of investment properties, as well as certain fixed costs in relation to rental property operations. Unlike properties developed for sale which can be pre-sold to finance property developments, our investment properties require significant capital expenditures up front but generate no cash inflow until the development has been completed and the leases of investment properties commence. In addition, our existing and future investment properties will require continuing capital expenditures associated with renovations and other capital improvements, some of which are mandated by health, safety or other regulations. The cost of construction and capital improvements could have a material adverse effect on our business, financial condition and results of operations. The fixed costs associated with owning investment properties, including rental property operating and maintenance expenses, taxes and other fees and payments, may be significant. We may be unable to reduce the fixed costs in a timely manner in response to a decline in demand for our investment properties for rent, and any failure to adjust our fixed costs may materially and adversely affect our business, financial condition and results of operations.

We may not be successful in expanding into new cities.

We may seek city-core large-scale integrated property project development opportunities in a number of select cities in China. Some Chinese cities are developed to such an extent that further city-core large-scale integrated property project development is neither practical nor economically feasible. Furthermore, the rapid expansion of many other Chinese cities may lead to a scarce supply of land suitable for our city-core investment projects either because our expansion into these cities would be cost prohibitive or because there is a shortage of land in the city's central business district on which we can develop our projects. Any expansion into new cities and the need to integrate operations arising from our intended expansion into such new cities, coupled with the limited strategic locations on which we can develop our projects, may have a material and adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO OUR INDUSTRY

We are subject to regulations and macro-economic control measures implemented by the PRC government, which may adopt further measures intended to curtail the overheating of property development in China.

As a property developer, we are subject to extensive governmental regulations in virtually every aspect of our operations and are highly susceptible to changes in the regulatory measures and policy initiatives implemented by the PRC government. In particular, the PRC government exerts considerable direct and indirect influence on the development of the property sector by imposing

RISK FACTORS

industry policies and other economic measures, such as control over the supply of land for property development and control over foreign exchange, property financing, taxation and foreign investment. Through these policies and measures, the PRC government may restrict or reduce land available for property development, raise the benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes and levies on property sales and restrict foreign investment in the PRC property sector. Policies that the PRC government has introduced to restrict development in the property sector mainly include:

- requiring that at least 70% of the land supply approved by a local government for residential property development for any given year be used for developing low-to-medium-cost and small-to-medium-sized units and low-cost rental properties;
- the 90 square metres rule, which requires that at least 70% of residential projects approved or constructed on or after 1 June 2006 consist of units with a gross floor area of less than 90 square metres per unit and that projects which have received project approvals prior to that date but have not obtained construction permits adjust their planning in order to be in compliance with this new requirement, with the exception of municipalities under direct administration of the PRC central government, cities with independent planning and provincial capitals, which may deviate from such ratio under special circumstances and upon approval from the Ministry of Construction (the “**90 square metres Rule**”);
- increasing the minimum down payment from 20% to 30% of the purchase price of the underlying property if the underlying property has a gross floor area of 90 square metres or more, effective from 1 June 2006; increasing the minimum down payment to 40% of the purchase price of the second or subsequent residential property and the interest rate of mortgage loans to 1.1 times the then benchmark rate promulgated by the PBOC for residential property purchasers who already have outstanding residential mortgage loans, effective from 27 September 2007; increasing the minimum down payment to 50% of the purchase price for multiple residential properties bought with a loan, effective from 17 April 2010; and increasing the minimum down payment to 60% of the purchase price for the second residential property bought with a bank loan or housing provident fund, effective from 26 January 2011. PRC banks are also required to significantly increase, at their discretion, the down payment and interest rate requirement for those who purchase multiple residential properties. Furthermore, effective from 29 September 2010, PRC banks are also required to temporarily stop providing mortgage loans for a third or subsequent residential property and to refuse to provide mortgage loans to non-local mortgage loan applicants who cannot provide proof of one year or more of local tax or social security payment;
- restricting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties and prohibiting commercial banks from granting new project loans to property developers that hold idle land or that have participated in speculative land dealing; prohibiting commercial banks

RISK FACTORS

from taking commodity properties that have been vacant for more than three years as security for mortgage loans; and prohibiting commercial banks from making additional loans based on the increased value of the underlying property prior to the full repayment of an existing loan;

- requiring that at least 50% of the total project investment be in the form of registered capital for newly established foreign-invested property development companies with total investments of US\$10,000,000 or more, effective 11 July 2006;
- prohibiting foreign-invested property development companies that have obtained approval certificates from and registered with the PRC Ministry of Commerce (“MOFCOM”) on or after 1 June 2007 from incurring any overseas loans, promulgated on 10 July 2007;
- imposing a business tax levy on the entire sales proceeds from the resale of properties if the holding period is shorter than five years, as opposed to two years as such levy was initially implemented in 2005, effective from 1 June 2006 (such business tax was reduced during the period from 1 January 2009 to 31 December 2009); if the holding period is more than two years, business tax for the transfer of ordinary residences will not be imposed, whereas if the holding period is shorter than two years, business tax based on the price difference between the transfer income and the original price for the transfer of ordinary residences shall be paid;
- increasing the annual tax rate on urban land use rights from RMB0.5-10 to RMB1.5-30 per square metre. for metropolitan areas depending on the location and type of use, and requiring foreign investment enterprises using urban land for the first time to pay the tax on urban land use from 1 January 2007;
- regulating the settlement of land appreciation tax by property development enterprises more stringently;
- effective 1 November 2007, requiring property developers to pay the land premium for the entire parcel of land under the land grant contract in full before they earn land use rights certificates and commence development of the land;
- effective 1 July 2008, delegation by the MOFCOM of its authority to its provincial branches to review the registration materials submitted by foreign-invested real estate enterprises;
- effective 18 November 2009, requiring a minimum down payment of land premium of 50% and requiring the land premium be fully paid within one year after the signing of a land grant contract, subject to limited exceptions;
- effective 28 January 2011, on a trial basis, introducing property tax in Shanghai and Chongqing;

RISK FACTORS

- effective 1 May 2011, requiring the sale of commodity houses to mark prices on a per unit basis as well as the public disclosure of the relevant fees which will be charged and other details relating to the sale price of such unit;
- requiring second or third tier cities where housing prices are rising rapidly to adopt purchase restrictions. A more detailed set of standards on such cities was issued on 17 August 2011; and
- the recent purchase restriction policies in some cities since January 2011, which are described below.

Historically, our apartments that are larger than 90 square metres, have commanded higher selling prices and gross profit margins than smaller apartment units. We continue to enjoy higher gross profit margins on our sales of apartments larger than 90 square metres, which we attribute in part to a perceived shortage of supply of these properties as a result of the 90 square metres Rule. In the future, the proportion of our sales of larger apartments may decrease as a result of the recent suspension of land supply for new villa projects and the 90 square metres Rule. Our profitability may be adversely affected if we fail to develop strategies to address changes in product mix that may be caused by such new regulations (or other similar regulations) in an effective and timely manner or if we are not able to develop similarly high-margin products. Further, there can be no assurance that we will not be required to adjust the design and planning of our properties for which we have not yet obtained construction permits in order to comply with the 90 square metres Rule. Any such adjustments may cause delay to the development schedules of the affected properties.

Many of the property industry policies carried out by the PRC government are unprecedented and are expected to be amended and revised over time. Other political, economic and social factors may also lead to further adjustments and changes of such policies. The PRC government could adopt additional and more stringent industry policies, regulations and measures in the future, which could further slow property development in China. Our results of operations may be materially affected by these factors.

If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or if such policy changes disrupt our business, reduce our sales or average selling prices, or cause us to incur additional costs, our business prospects, results of operations and financial condition may be materially and adversely affected.

Our sales of residential properties may be adversely affected by the recent purchase restriction policies in the PRC.

Pursuant to the Circular of the General Office of the State Council on Issues concerning Further Works of Regulation and Control of Real Estate Market (國務院辦公廳關於進一步做好房地產市場調控工作的有關問題的通知) dated 26 January 2011 (the “**26 January 2011 Circular**”), as a general rule, municipalities, provincial capitals and cities with high housing prices will implement purchase restrictions for a specified period. In principle, (i) a local residential family that already holds one house or a non-local residential family that is able to provide evidence of local tax or social insurance

RISK FACTORS

payment for a required period is limited to purchasing one house (including a new commodity residential house or a second hand one); and (ii) a local residential family that holds two or more houses, a non-local residential family that holds one or more houses and a non-local residential family that cannot provide evidence of the payment of local tax and/or social insurance for a required period shall be suspended from purchasing any other commodity residential houses.

For the purpose of implementing the 26 January 2011 Circular, the Shanghai Municipal Government promulgated the Notice on Further Strengthening the Macroeconomic Control over Shanghai Real Estate Market (上海市人民政府辦公廳印發關於本市貫徹《國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知》實施意見的通知) dated 31 January 2011. This notice provides that (i) a local residential family that already holds one house or a non-local residential family that is able to provide evidence of local tax or social insurance payment for more than one year (on a cumulative basis) within the most recent two years is limited to purchasing one house (including a new commodity residential house or a second hand one); and (ii) a local residential family that holds two or more houses, a non-local residential family that holds one or more houses and a non-local residential family that cannot provide evidence of local tax and/or social insurance payment for more than one year (on cumulative basis) within the most recent two years shall be suspended from purchasing any other commodity residential houses in Shanghai, otherwise, these newly-purchased houses cannot be registered with relevant real estate authorities. Furthermore, according to the Notice on Further Implementation of the Macroeconomic Control Policies over Shanghai Real Estate Market (上海市人民政府辦公廳關於進一步嚴格執行房地產市場各項調控政策的通知), promulgated by the Shanghai Municipal Government on 26 July 2012, Shanghai shall continue implementing the differential housing loan policy, property tax reform and purchase restriction strictly. In addition to Shanghai, other main cities, including Wuhan, Foshan and Dalian, have also announced their new purchase restriction policies which are similar to the requirements contained in the 26 January 2011 Circular.

On 26 February 2013, the General Office of the PRC State Council issued the Notice on Issues of Continuing Improvement of the Control in Real Estate Market (“**Notice 17**”). Notice 17 provides that the municipalities, provincial capitals and cities which have already implemented purchase restrictions in accordance with the 26 January 2011 Circular should continue to enforce such purchase restrictions. Such restrictions apply to first or second hand commodity residential houses in all administrative districts of a particular city and require the examination of potential purchasers’ qualification to purchase to be carried out prior to the signing of any purchase agreement. In addition, a non-local residential family that owns one or more houses and a non-local residential family that cannot provide evidence of the payment of local taxes and/or social insurance for a required period shall continue to be suspended from purchasing any other commodity residential houses. Pursuant to Notice 17, the People’s Government of Guangdong Province promulgated its opinion on Continuing Improvement of the Control in Real Estate Market on 25 March 2013, and Shanghai and Chongqing Municipal People’s Government promulgated their opinions on 30 March 2013. These opinions show the PRC government’s intention to further curb speculation in the real estate market through restrictive measures on purchases of multiple houses, raising the down payment ratio and interest rates required for second-house purchasers and levying income tax.

RISK FACTORS

These purchase restrictions, particularly those imposed in the cities where our projects are located, may create uncertainty and have an adverse impact on the demand for our properties. As a result, our business prospects, results of operations and financial condition may be materially and adversely affected.

The PRC property market has been cyclical and our property development activities are susceptible to significant fluctuations.

Historically, the PRC property market has been cyclical. The rapid expansion of the property market in certain major provinces and cities in China in the early 1990s culminated in an oversupply in the mid-1990s and a corresponding fall in property values and rentals in the second half of the decade. Since the late 1990s, private residential property prices and the number of residential property development projects have gradually increased in major cities as a result of an increase in demand driven by domestic economic growth. In particular, prices of residential properties in certain major PRC provinces and cities, such as Shanghai, have experienced rapid and significant growth. However, there can be no assurance that the problems of oversupply and falling property prices that occurred in the mid-1990s will not reoccur in the PRC property market. The reoccurrence of such problems could materially and adversely affect our business and financial condition.

The cyclical property market in the PRC affects the optimal timing for the acquisition of sites, the pace of development as well as the sale of properties. This cyclicity, combined with the lead-time required for the completion of projects and the sale of properties, indicates that our results of operations relating to property development activities may be susceptible to significant fluctuations from year to year.

Our sales of residential properties may be adversely affected if interest rates increase or prospective buyers are not able to obtain mortgage financing.

Mortgages are becoming an increasingly popular means of financing property purchases in the PRC. Most of the prospective buyers of our residential properties are expected to finance a substantial portion of the purchase price with mortgage loans. Because of the need for mortgages, demand for residential properties is likely to be adversely affected by increases in interest rates, which would make residential properties less affordable for prospective purchasers. Further, the Shanghai local government has introduced a ban on residential bridge loans, and as a result, homeowners will have to pay off the balance of their existing mortgage before they can sell to the next buyer if the transfer takes place within one year from the date of the original purchase.

In addition, amongst the recent PRC government measures designed to stabilise housing prices, as at 1 June 2006 the minimum down payment for an individual residential property mortgage was set at 30% of the total purchase price, except for low-income purchasers purchasing residential units of less than 90 square metres. In addition, the PRC government and commercial banks may also increase the down payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers. The CBRC issued a regulation on 30 August 2004 to limit mortgage loans on properties to 80% of the sale price of the underlying properties. On 17 March 2005, the PBOC set forth the minimum property mortgage loan rate, which is 0.9 times the corresponding benchmark lending

RISK FACTORS

rate. As a result, the minimum rate for property mortgages with a term of more than five years was increased to 5.51%, 0.2 percentage points higher than the then existing minimum mortgage loan rate. In May 2006, the PRC government increased the minimum down payment to 30% of the purchase price of the underlying property if such property had a gross floor area of 90 square metres or more. In addition, in September 2007, the PBOC and CBRC jointly promulgated a regulation to increase the minimum down payment to 40% of the purchase price and to increase the interest rate of mortgage loans to 1.1 times the then benchmark rate promulgated by the PBOC for residential property purchasers who already have outstanding residential mortgage loans and are purchasing a second or subsequent residential property.

PRC banks are also required to significantly increase, at their discretion, the down payment and interest rate requirement for those who purchase multiple residential properties and are prohibited from making additional loans based on the increased value of the underlying property prior to the full repayment of existing loans.

On 17 April 2010, the PRC State Council issued the Notice on Resolutely Curbing the Rapid Rising of the Property Price in Certain Cities (Guofa (2010) No. 10), which required the minimum down payment of the first residential property with an area of more than 90 square metres to be 30%; the down payment of multiple residential properties bought with a loan to be no less than 50%, and the interest rate of mortgage loans to be 1.1 times the then benchmark rate promulgated by the PBOC. PRC banks were also required to significantly increase, at their discretion, the down payment and interest rate requirements for those who have purchased multiple residential properties or more residential properties with loans. On 29 September 2010, the PBOC and CBRC promulgated the Notice on Relevant Issues Relating to the Improvement of Differential Housing Loan Policy, which stipulated that commercial banks should temporarily stop providing housing mortgages to any member of a family unit purchasing a third or subsequent residential housing unit.

If the availability or attractiveness of mortgage financing is reduced or limited, many of our prospective customers may not be able to purchase our properties and, as a result, our business, liquidity and results of operations could be materially and adversely affected. According to media reports, since October 2011, several PRC commercial banks have tightened their loan policies for real estate by raising their lending rates. For example, some branches of China Construction Bank have increased the interest rate for mortgage loans for residential property purchasers who purchase their second residential units to 1.1 times the lending rate published by PBOC during the same period. This policy may adversely affect prospective buyers wishing to obtain mortgage financing in relation to the purchase of our properties.

The relevant PRC tax authorities may challenge the basis on which we calculate our land appreciation tax obligations.

Under PRC tax laws and regulations, our PRC subsidiaries are subject to land appreciation tax, which is collected by local tax authorities. All income from the sale or transfer of land use rights relating to state-owned land, buildings and their attached facilities in the PRC is subject to land

RISK FACTORS

appreciation tax at progressive rates ranging from 30% to 60% of the appreciation value as defined by the relevant tax laws. Certain exemptions are available for the sale of ordinary standard residential houses if the appreciation values do not exceed 20% of the total deductible items as defined in the relevant tax laws. The sale of commercial properties are not eligible for such exemptions.

On 28 December 2006, the PRC State Administration of Taxation issued a circular, which became effective on 1 February 2007. Under the circular, land appreciation tax must be assessed if any of the following criteria is met: (i) the property development project has been completed and fully sold; (ii) the property developer transfers the entire development project prior to completion; or (iii) the land use rights with respect to the project are transferred. In addition, the relevant tax authorities may assess land appreciation tax if any of the following criteria is met:

- for completed property development projects, the transferred gross floor area represents more than 85% of the total sellable gross floor area, or the proportion represented is less than 85%, but the remaining sellable gross floor area has been leased out or used by the developer;
- the project has not been sold out for more than three years after obtaining the sale or pre-sale permit;
- the developer applies for cancellation of tax registration without having settled the relevant land appreciation tax; or
- other conditions stipulated by the provincial tax authorities.

For each of the years ended 31 December 2010, 2011 and 2012, we made land appreciation tax payments in the amount of RMB260 million, RMB284 million and RMB1,045 million, respectively. The land appreciation tax paid by us was not based on the progressive rates specified in the relevant PRC laws and regulations but at a provisional rate which depends on the types and specifications of the relevant property development project.

Due to the time gap between the provisional payment and subsequent assessment, we estimate and make provision for the full amount of applicable land appreciation tax in accordance with the relevant PRC tax laws and regulations. Our land appreciation tax provision for a whole project is determined based on the estimated total sales proceeds and the estimated total development costs of such project and by applying the relevant PRC laws and regulations. Upon the recognition of sales of the relevant property units, the corresponding land appreciation tax provision is accrued in the Group's consolidated financial statements on a pro rata basis for the sellable floor area sold. Our land appreciation tax provision is subject to adjustment if our estimates change.

There can be no assurance that the tax authorities will agree with the basis on which we calculate our land appreciation tax obligations. In the event that land appreciation tax collected by the tax authorities upon completion of the tax assessment exceeds the amount that we have provided for, our net profits after tax will be adversely affected. With respect to property development projects that have

RISK FACTORS

not met the tax assessment eligibility criteria, we have paid and will continue to pay provisional LAT as required by the tax authorities. The land appreciation tax that is ultimately payable upon completion of the tax assessment of such projects in the future may be different to the provisional land appreciation tax paid by us.

Under the Enterprise Income Tax Law (the “EIT Law”), we may be classified as a “resident enterprise” of China. Such classification could result in unfavourable tax consequences to us and our non-PRC Shareholders.

Under the EIT Law, an enterprise established outside of China with “*de facto* management organisation” located within China will be considered a “resident enterprise”, and consequently will be treated in a manner similar to a Chinese enterprise for enterprise income tax purposes. The implementing rules of the EIT Law define “*de facto* management” as “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise. However, it is still unclear how the PRC tax authorities will determine whether an entity will be classified as a “resident enterprise”. If the PRC tax authorities determine that we are a “resident enterprise” for PRC enterprise income tax purposes, a number of unfavourable PRC tax consequences could follow. We may be subject to enterprise income tax at a rate of 25% on our worldwide taxable income as well as PRC enterprise income tax reporting obligations. In our case, this would mean that income such as interest from any investment of any portion of the offering proceeds and other income sourced from outside the PRC would be subject to PRC enterprise income tax at a rate of 25%. Furthermore, if we are considered a “resident enterprise”, dividends payable to certain “non-resident enterprise” Shareholders may be treated as income derived from sources within China and be subject to PRC withholding tax at a rate of 10%, or a lower rate for Shareholders who qualify for the benefits of a double-taxation treaty with China. Capital gains realised by Shareholders may be treated as income derived from sources within China and be subject to a 10% PRC tax. If we are deemed to be a PRC tax resident enterprise, dividends paid by us to our Shareholders may be subject to withholding tax at the rate of 20% (subject to the provisions of any applicable double-taxation treaty). If we are required under the EIT Law to withhold PRC tax on our dividends payable to our non-resident Shareholders who are “non-resident enterprises”, we will be required (subject to certain exceptions) to pay such additional amounts as will result in receipt by a Shareholder of such amounts as would have been received by the Shareholder had no such withholding been required. In addition to the uncertainty as to the application of the new “resident enterprise” classification, the PRC government could amend or revise the taxation laws, rules and regulations to impose stricter tax requirements, higher tax rates or apply the EIT Law, or any subsequent changes in PRC tax laws, rules or regulations retroactively. As there may be different applications of the EIT Law and any amendments or revisions, comparisons between our past financial results may not be meaningful and should not be relied upon as indicators of our future performance. If such changes occur or are applied retroactively, they could have a material and adverse effect on our results of operations and financial condition.

RISK FACTORS

The introduction and implementation of new property tax policy may have an adverse effect on the sales of the projects located in the pilot cities.

On 27 January 2011, the governments of Shanghai and Chongqing issued their respective measures for implementing pilot property tax schemes, which became effective on 28 January 2011.

Under the Shanghai Provisional Rules on the Trial in Collection of Property Tax on Certain Individual Residential Houses (上海市開展對部分個人住房徵收房產稅試點的暫行辦法), (i) beginning 28 January 2011, Shanghai shall, on a trial basis, levy a property tax on a newly bought second or succeeding house in Shanghai which is purchased by a local resident family and each newly bought house in Shanghai which is purchased by a non-local resident family; (ii) the applicable rate of the property tax shall be 0.6% or 0.4%, respectively; (iii) the property tax shall be temporarily payable on the basis of 70% of the transaction value of the taxable house; and (iv) the Shanghai property tax rule shall provide several measures for tax deduction or exemption. Under the Chongqing Provisional Rules on Collection and Administration of Property Tax of Individual Residential Houses (重慶市關於開展對部分個人住房徵收房產稅改革試點的暫行辦法) issued by the Chongqing government which became effective on 28 January 2011, property tax will be imposed on (i) stand-alone residential properties (such as villas) owned by individuals, (ii) high-end residential properties purchased by individuals on or after 28 January 2011, the sale prices per square metre of which are two or more times the average price of newly constructed commodity residential properties developed within the nine major districts of Chongqing in the last two years and (iii) the second or further ordinary residential properties purchased on or after 28 January 2011 by non-resident individuals who are not employed in and do not own an enterprise in Chongqing, at rates of 0.5%, 1% or 1.2%, respectively of the purchase price of the property. If deemed successful in Shanghai and Chongqing as a tool for controlling the development of the PRC property market, the new property tax policy may be extended by the PRC government into other cities. The introduction and implementation of such property tax policy may have an adverse effect on the sales of the projects we currently have or will have in future in Chongqing, Shanghai and other cities where the new property tax policy may apply.

We may not be able to obtain a sufficient number of sites or may have to forfeit land being developed if we do not comply with the terms of the relevant land grant contracts.

We derive the majority of our turnover from the sale of properties that we have developed. This turnover stream is dependent on our ability to complete and sell our property developments. To maintain or expand our business in the future, we will be required to replenish our land reserves with suitable sites for development. Our ability to identify and acquire a sufficient number of suitable sites is subject to a number of factors that are beyond our control.

The PRC government controls substantially all of the country's land supply and regulates the means by which real estate developers, including us, obtain land sites for property developments. As a result, the PRC government's land supply policies affect both our ability to acquire land use rights for sites we identify and the costs of any acquisition. In May 2002, the PRC government introduced regulations requiring government departments and agencies to grant state-owned land use rights for residential or commercial property developments through public tender, auction or listing-for-sale. Such requirement has been further emphasised in the Regulations on the Grant of State-owned

RISK FACTORS

Construction Land Use Rights through Public Tender, Auction and Listing-for-sale promulgated by the Ministry of Land and Resources in September 2007. We will be required to go through these processes before we can acquire the land use rights to the desired sites, which may result in higher land premiums than those we paid in the past. While we believe that our current level of land reserves should be able to support our property development projects for five years or more, the viability or growth of our business may not be sustainable if we are unable to obtain additional land sites for development at prices that allow us to achieve reasonable returns.

Under PRC law, if a developer fails to develop land according to the terms of the land grant contract (including those relating to payment of fees, land use or the time for commencement and completion of the development of the land), the relevant land authorities may issue a warning to, or impose a penalty on, the developer or require the developer to forfeit the land use rights. Such requirement has been further prescribed in the recent PRC government measures aimed at stabilising the real property sector. Furthermore, on 3 January 2008, the PRC State Council issued a Circular on the Promotion of Economising and Intensifying the Land Use, which emphasises the enforcement of the current rules on idle land fees. The notice requires an additional land premium to be levied on the idle land, especially on those used for property development. The relevant governmental authorities will formulate and issue further rules and regulations on such requirements. Specifically, if we fail to commence development for more than one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve a warning notice on us and impose an idle land fee of up to 20% of the land premium. If we fail to commence development for more than two years from the commencement date stipulated in the land grant contract, the land use rights will be subject to forfeiture by the PRC government unless the delay in development is caused by government actions or force majeure. On 21 September 2010, the MLR and the MOHURD issued a notice that prohibits real estate developers from participating in bidding for land if they fail to commence development of land held by them as required by original land grant contracts for more than one year due to their own reasons or do not comply with land development requirements specified in land grant contracts. There can be no assurance that circumstances leading to the possible forfeiture of land or delays in the completion of a property development may not occur in the future.

In this regard, our land grant contracts with relevant land authorities typically specify the dates for us to complete the relocation process and to commence or complete construction, as well as specify the amount of land grant fees and relocation expenses and when they should be paid. For a variety of reasons, including delays in the relocation process and delays in the delivery of project sites to us by the relevant PRC governmental authorities, we have experienced delays in the dates specified in these contracts for construction of some of our development projects, including the Shanghai Taipingqiao, Shanghai Rui Hong Xin Cheng, Chongqing Tiandi, Wuhan Tiandi and Foshan projects, resulting in delays in the payment of required land grant fees and relocation expenses and therefore the availability of the site for our use. In the past, we have been required to pay late penalties, which are required under certain of the land grant contracts, to the relevant land authority, with respect to delays in the payment of land grant fees. We may also be required to pay such late penalties in the future.

RISK FACTORS

Potential liability for environmental problems could result in substantial costs.

We are subject to a variety of laws and regulations concerning the protection of health and the environment. The particular environmental laws and regulations which apply to any given project development site vary greatly according to the site's location, the site's environmental condition, the present and former uses of the site, as well as the adjoining properties. Compliance with environmental laws and conditions may result in delays, cause us to incur substantial compliance and other costs and prohibit or severely restrict project development activity in environmentally sensitive regions or areas.

As required by PRC law, each project developed by a property developer is required to undergo an environmental assessment, and an environmental impact assessment report is required to be submitted to the relevant government authorities for approval before commencement of construction. If such requirement is not complied with, the local environmental authority may issue orders to suspend construction of the project and instruct the construction unit to go through formalities within a time limit. If the construction unit fails to do so at the expiration of the time limit, the local environmental authority may impose on us a fine with respect to such project of an amount between RMB50,000 and RMB200,000. In the event that a suspension of construction and/or a fine is imposed, our financial condition may be adversely affected. Although the environmental investigations conducted on our developments to date have not revealed any environmental liability that we believe would have a material and adverse effect on our business, financial condition or results of operations, it is possible that these investigations did not reveal environmental hazards or their extent and resulting liabilities, and there may be material environmental liabilities of which we are unaware. There can be no assurance that a future environmental investigation will not reveal any material environmental hazards and liabilities. Also, there can be no assurance that the PRC government will not change the existing laws and regulations or impose additional or stricter laws or regulations, the compliance with which may cause us to incur significant capital expenditure. In addition, there can be no assurance that we can comply with any such laws and regulations.

We may be liable to our customers for damages if we do not deliver individual property ownership certificates in a timely manner.

Property developers are typically required to deliver to purchasers the relevant individual property ownership certificates within 90 days after delivery of the property or within a time frame set out in the relevant sale and purchase agreements. Property developers, including us, generally elect to specify the deadline for the delivery of the individual property ownership certificates in the sale and purchase agreements to allow sufficient time for the application and approval processes. Under current regulations, we are required to submit requisite governmental approvals in connection with our property developments, including land use rights documents and planning and construction permits, to the local bureau of land resources and housing administration within three months after the receipt of the completion and acceptance certificate for the relevant properties and apply for the general property ownership certificate with respect to these properties. We are then required to submit within regulated periods after delivery of the properties, the relevant property sale and purchase agreements, identification documents of the purchasers and proof of payment of deed tax, together with the general property ownership certificate, for the bureau's review and the issuance of the individual property ownership certificates with respect to the properties purchased by the respective purchasers. Delays

RISK FACTORS

by the various administrative authorities in reviewing the application and granting approval, as well as other factors, may affect timely delivery of the general as well as individual property ownership certificates. We may become liable to purchasers for late delivery of the individual property ownership certificates due to delays in the administrative approval processes or for any other reason beyond our control.

RISKS RELATING TO THE PRC

Adverse changes in the economic and political policies of the PRC government could have an adverse effect on overall economic growth in China, which may adversely affect our business.

We conduct substantially all of our business operations in the PRC. Accordingly, our financial condition, results of operations and prospects depend to a significant extent on economic developments in the PRC. The PRC economy differs from the economies of most other countries in many respects, including the degree of government intervention in the economy, such as price control, government control of foreign exchange and the allocation of resources, the general level of economic development and growth rates. While the PRC economy has experienced significant growth in the past 30 years, this growth has been uneven across different periods, regions and amongst various economic sectors. The PRC government has implemented various measures to encourage economic development and guide the allocation of resources. The PRC government also exercises significant control over the PRC's economic growth through the allocation of resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Since late 2003, the PRC government has, at times, implemented a number of measures, such as increasing the PBOC's statutory deposit reserve ratio and imposing commercial bank lending guidelines, which have had the effect of slowing the growth of credit availability. In 2008 and 2009, in response to the global financial crisis, the PRC government relaxed such requirements. However, since early 2010, the PRC government has begun to tighten such requirements again, partly in response to the recovery in the growth of the PRC economy. Any future actions and policies adopted by the PRC government could materially affect the PRC economy, which may adversely affect our business.

PRC regulations on loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC operating subsidiaries.

Loans to or investments in our PRC subsidiaries are subject to approval by or registration with relevant governmental authorities in the PRC. We may also decide to finance our subsidiaries by means of capital contributions. According to the relevant PRC regulations on foreign-invested enterprises in the PRC, depending on the total amount of investment, capital contributions to our PRC operating subsidiaries may be subject to the approval of MOFCOM or its local branches. We may not obtain these governmental approvals on a timely basis, or at all, with respect to future capital contributions by us to our subsidiaries. If we fail to receive such approvals, our ability to use the proceeds from the Rights Issue and to capitalise our operations in the PRC may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

RISK FACTORS

Fluctuations in the value of the Renminbi may have an adverse effect on our financial condition and results of operations.

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other factors, changes in international and national political and economic conditions and the foreign exchange policy adopted by the PRC government. On 21 July 2005, the PRC government changed its policy of attaching the value of the Renminbi to the U.S. dollar. Under the new policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. Following the removal of the U.S. dollar peg, the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Since July 2008, the Renminbi has traded at a relatively stable level within a narrow range against the U.S. dollar, but the Renminbi has again begun gradual further appreciation against the U.S. dollar since the middle of 2010. It is unclear, however, whether this trend will continue.

There remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in a further and possibly more significant appreciation of the Renminbi against foreign currencies. Our turnover and costs are mostly denominated in Renminbi, and a significant portion of our financial assets are also denominated in Renminbi. Any fluctuation in the exchange rate between the Renminbi and the U.S. dollar could result in foreign currency translation losses for financial reporting purposes.

Uncertainties with respect to the PRC legal system could have an adverse effect on our operations.

As substantially all of our business is conducted, and substantially all of our assets are located, in the PRC, our operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes. Unlike those of common law systems, decided legal cases have little value as precedents in subsequent legal proceedings. In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general, and forms of foreign investment (including wholly foreign-owned enterprises and joint ventures) in particular. These laws, regulations and legal requirements are relatively new and are often changing, and their interpretation and enforcement involve significant uncertainties that could limit the reliability of the legal protections available to us. We cannot predict the effects of future developments in the PRC legal system. We may be required in the future to procure additional permits, authorisations and approvals for our existing and future operations, which may not be obtainable in a timely fashion or at all. An inability to obtain such permits or authorisations may have an adverse effect on our financial condition and results of operations. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

RISK FACTORS

It may be difficult to serve process within the PRC or to enforce any judgment obtained from non-PRC courts against us or our Directors.

Our operating subsidiaries are incorporated in the PRC, substantially all of our Directors currently reside within the PRC, and all or substantially all of our assets are located within the PRC. The PRC does not currently have treaties providing for the reciprocal recognition or enforcement of judgments of courts located in the United States, the United Kingdom, Singapore, Japan and most other western countries. An arrangement between China and the Hong Kong Special Administrative Region on Reciprocal Recognition and Enforcement of Judgments of Civil and Commercial Cases under the Jurisdictions as Agreed to by the Parties Concerned was signed on 14 July 2006 and came into effect on 1 August 2008. However, there are many restrictions to such arrangement. As a result, it may not be possible for investors to effect service of process upon our subsidiaries or our Directors resident in the PRC pursuant to the authority of non-PRC courts. Further, the recognition and enforcement in the PRC of judgments of courts outside the PRC might be difficult or impossible.

Natural disasters, acts of war, the occurrence of epidemics and other disasters could affect our business and the national and regional economies in the PRC.

Our business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics, acts of war or terrorism and other natural disasters which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. For example, serious earthquakes and their successive aftershocks hit Sichuan province in May 2008 and April 2013, resulting in tremendous loss of life and injury, as well as destruction of properties and assets in the region. Additionally, the PRC reported a number of cases of severe acute respiratory syndrome (“SARS”) in 2003 and H1N1 swine flu between 2009 and 2010. In early 2013, there were reports of reoccurrences of avian flu, such as the H7N9 avian flu, which caused several confirmed human deaths. We have not adopted any written preventive measures or contingency plans to combat any future outbreak of swine flu, avian flu, SARS or any other epidemic, and any outbreak, natural disaster, acts of war or terrorist attacks may severely restrict the level of economic activity in the affected areas, significantly disrupt our business, materially impact our overall results of operations and financial condition, or otherwise cause our business to suffer in ways that we currently cannot predict.

RISKS RELATING TO THE RIGHTS ISSUE

Unless you exercise all of the Nil Paid Rights initially allotted to you, this offering will dilute your investment and proportionate ownership interest in us.

If you choose not to exercise your allotted Nil Paid Rights fully, your proportionate ownership and voting interest in us will be diluted. Even if you elect to sell your Nil Paid Rights prior to the expiration of the applicable trading period, or such Nil Paid Rights are sold on your behalf, the consideration you receive may not be sufficient to compensate you fully for such dilution of your proportionate ownership and voting interest in us.

RISK FACTORS

The market prices of Shares may fluctuate and may fall below the Subscription Price prior to the expiration of the subscription period.

Once you exercise your Nil Paid Rights pursuant to this offering, you may not revoke the exercise. Although the Subscription Price of HK\$1.84 per Rights Share represents a discount to the closing price of HK\$3.34 per Share as quoted on the Stock Exchange at the Last Trading Day, the market price of our Shares may fall below the Subscription Price prior to the expiration of the subscription period as a result of, among other things, global or China's economic or political conditions, the market perception of the likelihood of completion of this offering, regulatory changes affecting our operations and variations in our financial results. Many of these factors are out of our control. If you take up your Nil Paid Rights and the market price of our Shares trades below the Subscription Price on the date the Rights Shares are issued to you in respect of such Nil Paid Rights, then you will have purchased those Shares at prices higher than the market price. Any decrease in market prices may continue after the completion of this offering and as a result, you may not be able to sell such Rights Shares at a price equal to or greater than the Subscription Price.

The Subscription Price does not bear a direct relationship to past operations, cash flow, earnings, financial condition or any other established criteria for value and you should not consider the Subscription Price to be an indication of our underlying value.

An active trading market for the Nil Paid Rights may not develop on the Stock Exchange or any over-the-counter trading market and, even if a market does develop, the trading price of the Nil Paid Rights may fluctuate.

A trading period has been set for the Nil Paid Rights from Tuesday, 30 April 2013 to Wednesday, 8 May 2013 (both days inclusive). We cannot assure you that an active trading market in the Nil Paid Rights on the Stock Exchange will develop during the applicable trading period for the Nil Paid Rights or that any over-the-counter trading market in the Nil Paid Rights will develop. Even if active markets develop, the trading prices of the Nil Paid Rights may be volatile and subject to the same factors affecting the price of our Shares. Please refer to the paragraph headed “— *The market prices of Shares may fluctuate and may fall below the Subscription Price prior to the expiration of the subscription period*” above.

Future sales, or perceived sales, of substantial amounts of our Shares in the public market could have a material adverse effect on the prevailing market price of our Shares and our ability to raise capital in the future.

The market price of our Shares could decline as a result of future sales of substantial amounts of our Shares or other securities relating to our Shares in the public market, or the issuance of new Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our Shares could also materially and adversely affect our ability to raise capital in the future at a time and at a price favourable to us. Furthermore, our Shareholders would experience dilution in their holdings upon the issuance or sale of additional securities in the future.

RISK FACTORS

Dividends distributed in the past may not be indicative of our dividend policy in the future.

We have proposed a final dividend for the year ended 31 December 2012 of HK\$0.035 per Share, subject to the approval of the Shareholders at the forthcoming annual general meeting. Any future declaration of dividends will be proposed by our Board and the amount of any dividends will depend on various factors, including our results of operations, financial condition, future business prospects and other factors that our board may determine to be important. We cannot guarantee if and when we will pay dividends in the future.

Our corporate disclosure standards may differ from those in other jurisdictions and there may be less publicly available information about us than is available for public companies in certain other jurisdictions.

We are subject to the disclosure requirements under the Hong Kong Listing Rules. These disclosure requirements differ in certain respects from those applicable to companies in certain other countries, including the United States. There may be less publicly available information about companies listed in Hong Kong than is regularly made available by public companies in certain other jurisdictions. In addition, our financial statements are prepared and presented in accordance with IFRS, which differs in certain significant respects from generally accepted accounting principles or other accounting standards in other jurisdictions, which might be material to the financial information contained in this prospectus. We have not prepared a reconciliation of our consolidated financial statements and related footnotes between IFRS and generally accepted accounting principles or other accounting standards in other jurisdictions. In making an investment decision, you must rely upon your own examination of us, the terms of the offering and our financial information. You should consult your own professional advisers for an understanding of the differences between IFRS and generally accepted accounting principles and other accounting standards in other jurisdictions and how those differences might affect the financial information contained in this prospectus.

You may not be able to participate in future rights issues and may experience a dilution of your holdings.

We may, from time to time, continue to distribute rights to our Shareholders, including rights to acquire securities. We will not distribute the securities to which these rights relate to US holders of our Shares unless such securities are either exempt from registration under the US Securities Act or are registered under the US Securities Act. There can be no assurance that we will be able to establish an exemption from registration under the US Securities Act, and we are under no obligation to file a registration statement with respect to these securities or to endeavour to have a registration statement declared effective under the US Securities Act. Accordingly, US holders of our Shares may be unable to participate in rights offerings and may experience a dilution of their holdings as a result. In addition, if we are unable to sell rights that are not exercised or not distributed or if the sale is not lawful or reasonably practicable, we will allow the rights to lapse, in which case US holders of our Shares will receive no value for these rights.

THREE YEARS' SUMMARY OF FINANCIAL RESULTS

Financial information of the Group for each of the three years ended 31 December 2010, 31 December 2011 and 31 December 2012 is disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.shuionland.com):

- (a) Annual report of the Company for the year ended 31 December 2012 published on 19 April 2013 (pages 130 to 206);
- (b) Annual report of the Company for the year ended 31 December 2011 published on 18 April 2012 (pages 128 to 198); and
- (c) Annual report of the Company for the year ended 31 December 2010 published on 12 April 2011 (pages 113 to 180).

INDEBTEDNESS

As at the close of business on 28 February 2013, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this prospectus, the Group had outstanding:

- 1. convertible bonds with carrying value of RMB2,387 million (the corresponding principal amount is RMB2,720 million);
- 2. notes with carrying value of RMB13,240 million (the corresponding principal amount is approximately RMB13,253 million);
- 3. bank and other borrowings with carrying value of approximately RMB20,672 million (the corresponding principal amount is approximately RMB20,948 million), of which RMB2,110 million (the corresponding principal amount is approximately RMB2,124 million) was unsecured, and RMB18,562 million (the corresponding principal amount is approximately RMB18,824 million) was secured by fixed charges on certain of the Group's assets;
- 4. amount due to non-controlling shareholders of subsidiaries of RMB537 million which was unsecured; and
- 5. loan from non-controlling shareholders of subsidiaries with principal amount of RMB2,828 million which was unsecured.

In addition, the Group had outstanding at that date contingent liabilities in respect of a guarantee provided by the Group to a joint venture for an amount not exceeding RMB345 million.

Save as aforementioned, at the close of business on 28 February 2013, the Group did not have any other outstanding borrowings, loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, in the absence of unforeseeable circumstances and after taking into account the net proceeds from the Rights Issue and the internal resources of the Group, the Group has sufficient working capital for its normal business for at least the next 12 months from the date of publication of this prospectus.

NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, being the date to which the latest published audited consolidated financial statements of the Group were made up.

FINANCIAL AND TRADING PROSPECTS

In view of the ongoing volatility in both the global and local marketplace, economic growth is expected to remain slow over the next 12 months. With the number of property transactions in the Chinese market picking up visibly and with prices moving upwards towards the end of 2012 and beginning of 2013, the PRC Central Government has recently introduced further measures to control investment and speculative activities (including the Notice on Issues of Continuing Improvement of the Control in Real Estate Market published by the PRC State Council on 26 February 2013) which will add uncertainty to the market and dampen transactions, making activities for 2013 difficult to forecast. Please refer to the paragraph headed “— *Our sales of residential properties may be adversely affected by the recent purchase restriction policies in the PRC*” in the section headed “Risk Factors” of this prospectus.

Facing such challenge, the Company launched in 2013 the Group’s second three-year plan, under which the Company will target, among others, the acceleration of the development of the cleared sites in Shanghai and other cities, the realisation of value of its investment property portfolio for sustainable earnings growth and the deleveraging of its balance sheet.

On 5 April 2013, the Company announced that the Group’s accumulated contracted property sales amounted to RMB3,179 million for the first three months of 2013, representing 35.0% of the Group’s full year property sales target of RMB9,000 million. Aggregated gross floor area sold for the first three months of 2013 reached 106,200 square metres with an average selling price of RMB29,900 per square metre.

On 9 January 2013, the Company announced the establishment of China Xintiandi Limited (“**China Xintiandi**”) as a separately managed, wholly-owned subsidiary of the Company focusing

principally on managing, designing, leasing, marketing, enhancing and redeveloping premium retail, office, entertainment and hotel properties in affluent urban areas in the PRC. China Xintiandi subsequently commenced operations on 1 March 2013. The Company has previously announced its proposed spin-off and separate listing of China Xintiandi, and the reasons for such spin-off and separate listing, on the Stock Exchange on 28 May 2012. There is no assurance that the proposed spin-off will take place or as to when it may take place. The proposed spin-off is subject to, among other factors, the approval by the Listing Committee, the prevailing market conditions, the final decisions of the Board, the final decisions of the board of directors of China Xintiandi, the approval from the Shareholders and bondholders of the Company and ultimately its timing will be dependent on prevailing market conditions.

INFORMATION ABOUT THE COMPANY

The Company is an investment holding company and 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.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

For illustrative purposes, the financial information prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules is set out here to provide further information about how the financial information of the Group might be affected by completion of the Rights Issue as if the Rights Issue had been completed on 31 December 2012. The statement has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the Group's financial position on the completion of the Rights Issue.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group which has been prepared to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had been completed on 31 December 2012. As it is prepared for illustrative purpose only, and because of its nature, it may not give a true picture of the financial position of the Group had the Rights Issue been completed as at 31 December 2012 or at any future date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to shareholders of the Company is prepared based on the audited consolidated financial statements of the Group as at 31 December 2012 as extracted from the annual report of the Company for the year ended 31 December 2012, and is adjusted for the effect of the Rights Issue.

Audited consolidated net tangible assets of the Group attributable to the shareholders of the Company as at 31 December 2012 <i>RMB million</i> <i>Note 1</i>	Pro forma adjustment for estimated net proceeds from the Rights Issue <i>RMB million</i> <i>Note 2</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the shareholders of the Company after adjusting for the Rights Issue <i>RMB million</i>	Consolidated net tangible assets per Share as at 31 December 2012 <i>RMB</i> <i>Note 3</i>	Unaudited pro forma adjusted consolidated net tangible assets per Share <i>RMB</i> <i>Note 4</i>
<u>31,481</u>	<u>2,938</u>	<u>34,419</u>	<u>5.25</u>	<u>4.30</u>

Notes:

1. The audited consolidated net tangible assets of the Group attributable to the shareholders of the Company as at 31 December 2012 are extracted from the consolidated statement of financial position of the Group as at 31 December 2012.
2. The estimated net proceeds from the Rights Issue are based on 2,000,431,547 Rights Shares at HK\$1.84 per Rights Share at the exchange rate of RMB1.000 to HK\$1.233 on the basis of one Rights Share for every three existing Shares of the Company held as at the Record Date, after deducting the estimated underwriting commission and other related expenses of approximately RMB47 million to be incurred by the Company.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

3. 6,001,294,642 Shares in issue as at 31 December 2012 are used as the number of Shares for the calculation of per share amount. The calculation does not assume the exercise of outstanding share options and conversion of outstanding convertible bonds or take into account the effect of Rights Issue.
4. The number of Shares used for the calculation of per share amount is 8,001,726,189, representing 6,001,294,642 Shares in issue as at 31 December 2012 and 2,000,431,547 Rights Shares assumed to be issued upon the completion of the Rights Issue. The calculation does not assume the exercise of outstanding share options or conversion of outstanding convertible bonds.
5. There are 173,134,188 outstanding share options as at 31 December 2012 and 170,526,281 outstanding share options as at the Latest Practicable Date, of which 53,817,874 outstanding share options are exercisable as at 31 December 2012 and 54,909,839 outstanding share options are exercisable as at the Latest Practicable Date. The calculation does not assume the exercise of outstanding share options.
6. There are outstanding convertible bonds in the principal amount of RMB2,720 million convertible into 696,064,429 Shares at HK\$4.47 per Share as at 31 December 2012 and the Latest Practicable Date. The calculation does not assume the conversion of outstanding convertible bonds.
7. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2012 because they are not directly attributable to the Rights Issue.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

(B) REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte.
德勤

德勤·關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

TO THE DIRECTORS OF SHUI ON LAND LIMITED

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets of Shui On Land Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed rights issue of 2,000,431,547 rights shares at the subscription price of HK\$1.84 each on the basis of one rights share for every three existing shares held on the record date payable in full on acceptance might have affected the consolidated net tangible assets of the Group presented, for inclusion in Appendix II of the prospectus of the Company dated 26 April 2013 (the “Prospectus”). The basis of preparation of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is set out in Appendix II to the Prospectus.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 31 December 2012 or any future date.

Opinion

In our opinion:

- a) the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been properly compiled by the directors of the Company on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu

Certified Public Accountants
Hong Kong, 26 April 2013

RESPONSIBILITY STATEMENT

This prospectus, 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 enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus 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 prospectus misleading.

SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the Rights Issue was and is expected to be as follows:

(a) As at the Latest Practicable Date:

<i>Authorised share capital</i>		<i>US\$</i>
12,000,000,000	Shares	30,000,000
<i>Issued share capital</i>		<i>US\$</i>
6,001,294,642	Shares	15,003,236

(b) Upon completion of the Rights Issue

<i>Rights Shares to be issued</i>		<i>US\$</i>
2,000,431,547	Shares	5,001,078
<i>Shares in issue upon completion of the Rights Issue</i>		<i>US\$</i>
8,001,726,189	Shares	20,004,315

Note: The above figures are rounded down to the nearest whole number. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

All of the Shares and the Rights Shares in issue and to be issued (when fully paid) rank and will rank *pari passu* with each other in all respects, including, in particular, as to dividends, voting rights and return of capital. The Shares and the Rights Shares in issue and to be issued are or will be listed on the main board of the Stock Exchange.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company or their respective Associates in the shares, underlying shares and debentures of the Company and 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 under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (the “**Model Code**”), to be notified to the Company and the Stock Exchange, were as follows:

(a) Long position in the shares and underlying shares of the Company

Name of Directors	Number of ordinary shares			Interests in underlying shares		Total	Approximate % of the total issued Shares ^(Note 2)
	Personal interests	Family interests	Other interests	Share Option ^(Note 1)	Other equity derivatives		
Mr. Vincent H. S. LO	—	1,387,141 <i>(Note 3)</i>	3,421,260,619 <i>(Note 4)</i>	—	7,627,620 <i>(Note 5)</i>	3,430,275,380	57.15%
Mr. Freddy C. K. LEE	286,000	208,500 <i>(Note 6)</i>	—	13,577,747 <i>(Note 7)</i>	—	14,072,247	0.23%
Mr. Daniel Y. K. WAN	—	—	—	9,575,766	—	9,575,766	0.15%
Dr. William K. L. FUNG	4,133,593	—	—	—	—	4,133,593	0.06%
Professor Gary C. BIDDLE	228,860	—	—	—	—	228,860	0.0038%

Notes:

- (1) These represent the interests of Share Options granted to the Directors and/or their respective associate(s) under the Share Option Scheme to subscribe for shares.
- (2) The approximate percentage of the total issued Shares is calculated based on the total number of the Company's issued Shares of 6,001,294,642 as at the Latest Practicable Date.
- (3) These interests were beneficially owned by Ms. Loletta CHU (“**Mrs. Lo**”), the spouse of Mr. Vincent H. S. LO (“**Mr. Lo**”). Mr. Lo was deemed to be interested in 1,387,141 Shares under Part XV of the SFO.
- (4) These interests were beneficially owned by the Undertaking Shareholder through:
 - (a) the Undertaking Shareholder Subsidiaries as follows: 1,527,879,950 Shares held by Shui On Investment Company Limited, 1,468,577,844 Shares held by Shui On Properties Limited, 172,416,872 Shares held by Boswell Limited, 130,000,000 Shares held by Chester International Cayman Limited (“**Chester International**”) and 100,000,000 Shares held by Lanvic Limited; and
 - (b) its controlled corporation, New Rainbow Investments Limited, which held 22,385,953 Shares.

The Undertaking Shareholder is owned by the Bosrich Unit Trust, the units of which are the property of a discretionary trust of which Mr. Lo is a discretionary beneficiary. Accordingly, Mr. Lo, was deemed to be interested in such Shares under Part XV of the SFO.

- (5) In respect of such interests, Chester International, an Undertaking Shareholder Subsidiary, is taken to be interested in 7,627,620 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, which were subsequently partially terminated by the parties on 11 January 2013. Accordingly, Mr. Lo was deemed to be interested in such 7,627,620 Shares under Part XV of the SFO.
- (6) Mr. Freddy C. K. LEE was deemed to be interested in 208,500 Shares and 943,861 share options held by his spouse, Ms. AU-YEUNG Shuk Yin, Ada, under Part XV of the SFO.

(b) Interests in the debentures of the Company

Name of Director	Name of Interests	Amount of Debentures
Dr. William K. L. FUNG	Interests of controlled corporation ^(Note 1)	RMB12,700,000

Note 1: The interests are held through Golden Step Limited, a corporation directly wholly-owned by Dr. William K. L. FUNG.

(c) 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 interests	RMB5,000,000
Dr. William K. L. FUNG	Shui On Development (Holding) Limited	Family interests ^(Note 1)	US\$500,000

Note 1: The interests are held through Pacific Fame Worldwide Limited, a corporation directly wholly-owned by Ms. Chou Siu Mei, Sylvia, spouse of Dr. William K. L. FUNG.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

Save as disclosed below, as at the Latest Practicable Date, according to the register of interests kept by the Company under Section 336 of the SFO and so far as was known to the Directors or chief executive, no person or company (other than the Directors or chief executive of the Company) had an interest or short position in 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, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Name of shareholders	Capacity	Total number of Shares and underlying shares	Approximate % of the total issued Shares
Mrs. Lo	Family and personal interests	3,430,275,380 <i>(Notes 3 and 5)</i> (Long position)	57.15% ^{<i>(Note 1)</i>}
HSBC International Trustee Limited	Trustee	3,428,888,239 <i>(Notes 4 and 5)</i> (Long position)	57.13% ^{<i>(Note 1)</i>}
Bosrich Holdings (PTC) Inc.	Trustee	3,428,888,239 <i>(Notes 4 and 5)</i> (Long position)	57.13% ^{<i>(Note 1)</i>}
Undertaking Shareholder	Interests of controlled corporation	3,428,888,239 <i>(Notes 4 and 5)</i> (Long position)	57.13% ^{<i>(Note 1)</i>}
Standard Chartered and its controlled corporations	Interests of controlled corporation	575,782,959 <i>(Note 6)</i> (Long position)	6.39% ^{<i>(Note 2)</i>}

Notes:

- (1) The approximate percentage of the total issued Shares is calculated based on the total number of the Company's issued Shares of 6,001,294,642 as at the Latest Practicable Date.
- (2) The approximate percentage of the total issued Shares is calculated based on the number of Shares which were expected to be in issue upon completion of the Rights Issue, being 9,003,113,685 Shares.
- (3) In respect of such interests, 3,422,647,760 Shares were comprised of 1,387,141 shares beneficially held by Mrs. Lo and 3,421,260,619 Shares in which Mr. Lo, the spouse of Mrs. Lo, had a deemed interest under Part XV of the SFO mentioned in note (4) below. Accordingly, Mrs. Lo was also deemed to be interested in 3,421,260,619 Shares under Part XV of the SFO.
- (4) In respect of such interests, 3,421,260,619 Shares were beneficially owned by the Undertaking Shareholder through:
 - (a) the Undertaking Shareholder Subsidiaries as follows: 1,527,879,950 Shares held by Shui On Investment Company Limited, 1,468,577,844 Shares held by Shui On Properties Limited, 172,416,872 Shares held by Boswell Limited, 130,000,000 Shares held by Chester International and 100,000,000 Shares held by Lanvic Limited; and
 - (b) its controlled corporation, New Rainbow Investments Limited, which held 22,385,953 Shares.

The Undertaking Shareholder is owned by the Bosrich Unit Trust, the trustee of which is Bosrich Holdings (PTC) Inc. The units of the Bosrich Unit Trust are the property of a discretionary trust of which Mr. Lo is a discretionary beneficiary and HSBC International Trustee Limited is the trustee. Accordingly, Mrs. Lo, Bosrich Holdings (PTC) Inc. and HSBC International Trustee Limited were deemed to be interested in such Shares under Part XV of the SFO.

- (5) In respect of such interests, Chester International, an Undertaking Shareholder Subsidiary, is taken to be interested in 7,627,620 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, which were subsequently partially terminated by the parties on 11 January 2013. Accordingly, Mrs. Lo, Bosrich Holdings (PTC) Inc. and HSBC International Trustee Limited were deemed to be interested in such 7,627,620 Shares under Part XV of the SFO.
- (6) The number of Shares includes the maximum number of Rights Shares underwritten by Standard Chartered pursuant to the Underwriting Agreement.

DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

Save as disclosed herein, as at the Latest Practicable Date, there were no contracts or arrangements in which a Director was materially interested and significant in relation to the business of the Group. As at the Latest Practicable Date, none of the Directors has, directly or indirectly, any interest in any assets which have since 31 December 2012 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

COMPETING INTEREST

Mr. Lo is an executive Director and the Chairman of the Company, as well as the ultimate controlling shareholder, chairman and chief executive officer of the Shui On Group (excluding SOCAM and its subsidiaries). 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 listing prospectus dated 20 September 2006 (the "**Listing Prospectus**"). The Company has entered into a deed of non-competition dated 30 May 2006 with the Undertaking Shareholder and Mr. Lo pursuant to which the Undertaking Shareholder and Mr. Lo have severally undertaken not to compete with the business of the Company. For more details, see the section headed "Relationship with the Shui On Group" of the Listing Prospectus. In addition, Mr. Lo is also the chairman and controlling shareholder of SOCAM, which is engaged in property development in the PRC.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor their respective Associates was interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's businesses pursuant to Rule 8.10 of the Listing Rules.

LITIGATION

As at the Latest Practicable Date, neither the Company nor any members of the Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance was known to the Directors to be pending or threatened against any members of the Group.

SERVICE CONTRACTS

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

EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinion which is contained in this prospectus:

Name	Qualification	Nature of report	Date of report
Deloitte Touche Tohmatsu	Certified Public Accountants	Accountant's report on the unaudited pro forma financial information of the Group (Appendix II to this prospectus)	26 April 2013

Deloitte Touche Tohmatsu has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and references to its name in the form and context in which they appear. Such report from Deloitte Touche Tohmatsu is given as at the date of this prospectus for incorporation herein.

As at the Latest Practicable Date, Deloitte Touche Tohmatsu did not have any shareholding 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 did not have any interest, either directly or indirectly, in any assets which have been, since 31 December 2012 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

MATERIAL CONTRACTS

The Group had entered into the following material contracts (not being a contract entered into in the ordinary course of the Group's business) within the two years immediately preceding the date of this prospectus:

- (i) the Agreement for the sale and purchase of shares in Rimmer Investments Limited and Magic Garden Investments Limited dated 9 September 2011 entered into between Cassidy Enterprises Corp. and Shui On Investment Company Limited (the "**Sellers**") and Rich Bright Holdings Limited (an indirect wholly-owned subsidiary of the Company) (the "**Purchaser**"), pursuant to which the Sellers agreed to sell and the Purchaser (or its nominee) agreed to purchase, among others, the entire issued share capital of Rimmer Investments Limited and 66.7% of the entire issued share capital of Magic Garden

Investments Limited for an initial consideration of HK\$2,086 million (subject to adjustment) with the total consideration not exceeding HK\$2,171 million. The consideration was settled by way of the Company issuing a total of 626,909,643 Shares to Shui On Investment Company Limited in accordance with the formula under the agreement;

(ii) the Undertaking Letter; and

(iii) the Underwriting Agreement.

CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office	190 Elgin Avenue George Town Grand Cayman KY1-9005 Cayman Islands
Head office in the PRC	26/F, Shui On Plaza 333 Huai Hai Zhong Road Shanghai 200021 PRC
Place of business in Hong Kong	34/F, Shui On Centre 6-8 Harbour Road Wanchai Hong Kong
Authorised representatives	Freddy C. K. LEE 34/F, Shui On Centre 6-8 Harbour Road Wanchai Hong Kong Daniel Y. K. WAN 34/F, Shui On Centre 6-8 Harbour Road Wanchai Hong Kong
Company Secretary	UY Kim Lun

Joint Underwriters <i>(in alphabetical order)</i>	BNP Paribas Securities (Asia) Limited 59/F-63/F, Two International Finance Centre 8 Finance Street Central Hong Kong Standard Chartered Securities (Hong Kong) Limited 15/F, Two International Finance Centre 8 Finance Street Central Hong Kong UOB Kay Hian (Hong Kong) Limited 15/F, Aon China Building 29 Queen's Road Central Hong Kong
Legal advisers to the Company in relation to the Rights Issue	<i>As to Hong Kong and United States Laws</i> Freshfields Bruckhaus Deringer 11th Floor Two Exchange Square Central Hong Kong <i>As to PRC Laws</i> Jin Mao PRC Lawyers 13/F, Hong Kong New World Tower No. 300 Huai Hai Zhong Road Shanghai, PRC <i>As to Cayman Islands Laws</i> Walkers Suite 1501-1507 Alexandra House 18 Chater Road Hong Kong
Legal advisers to the Joint Underwriters in relation to the Rights Issue	<i>As to Hong Kong and United States Laws</i> Clifford Chance 28th Floor Jardine House One Connaught Place Hong Kong

Legal advisers to the Undertaking Shareholder in relation to the Rights Issue	<i>As to Hong Kong Laws</i> Lau, Leong & Co. in association with Watson, Farley & Williams LLP Units 1703-07, One Pacific Place 88 Queensway Hong Kong <i>As to British Virgin Islands Laws</i> Walkers Suite 1501-1507 Alexandra House 18 Chater Road Hong Kong
Auditor and reporting accountant	Deloitte Touche Tohmatsu Certified Public Accountant 35/F, One Pacific Place 88 Queensway Hong Kong
Hong Kong branch Share registrar of the Company	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17/F, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal solicitors	Freshfields Bruckhaus Deringer 11th Floor Two Exchange Square Central Hong Kong Mayer Brown JSM 16th - 19th Floors Prince's Building 10 Chater Road Central Hong Kong
Principal bankers	Industrial and Commercial Bank of China Limited 10/F, No.98 Huai Hai Zhong Road Golden Bell Plaza Shanghai, PRC Agricultural Bank of China Limited 23/F, No.1128 Xiangying Road Shanghai, PRC

Hang Seng Bank Limited
11/F, 83 Des Voeux Road Central
Hong Kong

Deutsche Bank AG
52/F, International Commerce Center
1 Austin Road West
Kowloon, Hong Kong

Bank of China Limited
No.205 Mao Ming Road (S.)
Shanghai, PRC

Standard Chartered Bank Limited
25/F, Standard Chartered Tower
201 Century Avenue
Shanghai, PRC

China Merchants Bank Co., Limited
9/F, A Seat No.1118, Changshou Road
Shanghai, PRC

China Construction Bank Corporation
28/F, 200 Huai Hai Zhong Road
Shanghai, PRC

PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

(a) Name and address of Directors and senior management

Name	Residential or business address
<i>Executive Directors</i>	
Mr. Vincent H. S. LO	34/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong
Mr. Freddy C. K. LEE	26/F, Shui On Plaza, 333 Huai Hai Zhong Road, Shanghai, China
Mr. Daniel Y. K. WAN	26/F, Shui On Plaza, 333 Huai Hai Zhong Road, Shanghai, China
<i>Non-executive Director</i>	
Mr. Frankie Y. L. WONG	34/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong

Independent Non-executive Directors

Sir John R. H. BOND	Bahnhofstrasse 2 PO Box 102 6301 Zug Switzerland
Dr. William K. L. FUNG	11th Floor, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon
Professor Gary C. BIDDLE	Room 1213, K.K. Leung Building, Pokfulam Road, Hong Kong
Dr. Roger L. McCARTHY	555 Bryant Street, No. 516 Palo Alto, California 94301-1704, U.S.A.
Mr. David J. SHAW	8 Canada Square, London E14 5HQ, United Kingdom

Senior Management

Mr. TANG Ka Wah	26/F, Shui On Plaza, 333 Huai Hai Zhong Road, Shanghai, China
Mr. Charles W. M. CHAN	26/F, Shui On Plaza, 333 Huai Hai Zhong Road, Shanghai, China
Mr. Albert K. B. CHAN	25/F, Shui On Plaza, 333 Huai Hai Zhong Road, Shanghai, China
Mr. UY Kim Lun	26/F, Shui On Plaza, 333 Huai Hai Zhong Road, Shanghai, China
Mr. Bryan K. W. CHAN	601-605, North Block, Shen Hong International Building, 1500 Shen Kun Road, Shanghai, China
Ms. Jessica Y. WANG	Block 10, Lane 333, Lin Ping Road, Shanghai, China
Mr. Matthew Q. GUO	35/F, Wuhan Tiandi Corporate Centre 5, 1628 ZhongShan Avenue, Wuhan, Hubei, China
Mr. Alex H. M. WONG	21/F, Hua Hui Mansion, 46 Zu Miao Road, Foshan, China
Mr. Raphael S. P. PUI	2/F, Acacia Tower, 33 Hong Chuan East Road, Huang Ni Chuan, Hi-tech Industrial Zone, Dalian, 116044, China
Mr. Tommy W. C. CHUNG	25/F, Shui On Plaza, 333 Huai Hai Zhong Road, Shanghai, China
Miss Stephanie B. Y. LO	Room 2301, 23/F, Shui On Plaza, 333 Huai Hai Zhong Road, Shanghai, China
Mr. Thomas Y. W. TAM	Room 2301, 23/F, Shui On Plaza, 333 Huai Hai Zhong Road, Shanghai, China
Mr. Alan W. K. TIN	Room 2301, 23/F, Shui On Plaza, 333 Huai Hai Zhong Road, Shanghai, China

(b) Profiles of Directors and senior management***EXECUTIVE DIRECTORS*****Mr. Vincent H. S. LO, GBS, JP**

Vincent H. S. LO, aged 65, has served as our Chairman since the inception of our Company in February 2004. Mr. Lo leads the Board of Directors in deciding on the Company's direction and to set corporate strategies. Mr. Lo was the Chief Executive Officer of our Company from 2004 to 16 March 2011. He is also the Chairman of the Shui On Group, which he founded in 1971, Chairman of SOCAM, a Non-executive Director of Great Eagle Holdings Limited and a Non-executive Director of Hang Seng Bank Limited (both of which companies are listed on the Stock Exchange).

Mr. Lo was honoured with the "Ernst & Young China Entrepreneur Of The Year 2009" and also, as "Entrepreneur Of The Year 2009" in the China Real Estate Sector. He was also awarded the Gold Bauhinia Star (GBS) in 1998 and appointed Justice of the Peace in 1999 by the Government of Hong Kong. Mr. Lo was made an Honorary Citizen of Shanghai in 1999 and Foshan in 2011. He was named Businessman of the Year at the Hong Kong Business Awards in 2001, and won the Director of the Year Award from The Hong Kong Institute of Directors in 2002 and Chevalier des Arts et des Lettres by the French government in 2005. In 2012, the 4th World Chinese Economic Forum honoured Mr. Lo with the Lifetime Achievement Award for Leadership in Property Sector.

In addition to his business capacity, Mr. Lo has been active in community services. He participated in the preparatory works of the establishment of the Hong Kong Special Administrative Region. He currently serves as a Member of The Twelfth National Committee of the Chinese People's Political Consultative Conference, the Hong Kong's representative to the Asia Pacific Economic Cooperation (APEC) Business Advisory Council, Member of The Airport Authority Hong Kong, the President of Council for the Promotion & Development of Yangtze, an Economic Adviser of the Chongqing Municipal Government, the Honorary Life President of the Business and Professionals Federation of Hong Kong, a Vice Chairman of the Chamber of International Commerce Shanghai and the Honorary Court Chairman of The Hong Kong University of Science and Technology.

Mr. Freddy C. K. LEE

Freddy C. K. LEE, aged 51, is the Managing Director and Chief Executive Officer of the Company. Mr. Lee joined the Shui On Group in 1986 and has over 15 years of working experience in construction management and 12 years of working experience in property development in the PRC. Besides being responsible for the operations and management of the Company, Mr. Lee is also responsible for the implementation of the Company's three-year plan. Mr. Lee holds a Master's degree in Construction Management from the City University of Hong Kong and a Bachelor's degree in Quantity Surveying from Reading University, England. Mr. Lee is currently a member of the Royal Institution of Chartered Surveyors in the United Kingdom and a member of the Hong Kong Institute of Surveyors.

Mr. Daniel Y. K. WAN

Daniel Y. K. WAN, aged 54, is the Managing Director and Chief Financial Officer of the Company responsible for all aspects relating to our finance and accounting, legal, company secretarial and information technology affairs. He is also responsible for the day-to-day management of the Company together with the other senior executives. Mr. Wan joined the Company in March 2009. He has extensive experience in the financial industry with over 20 years in senior management position. Prior to joining the Company, Mr. Wan was the General Manager and Group Chief Financial Officer of The Bank of East Asia, Ltd.

Mr. Wan holds a Bachelor of Business Administration degree from The Chinese University of Hong Kong and a Master of Business Administration degree from The University of Wales. He is a fellow member of The Association of Chartered Certified Accountants, fellow member of The Hong Kong Institute of Certified Public Accountants and a member of The Institute of Chartered Accountants in England and Wales. Mr. Wan was a member of the Accounting Standards Advisory Panel of the Hong Kong Society of Accountants, member of the Auditing Standards Committee of the Hong Kong Society of Accountants, member of the Board of Review (Inland Revenue), member of the Small and Medium Enterprises Committee, member of the Travel Industry Compensation Fund Management Board, Chairman of the Investment Committee of the Travel Industry Compensation Fund and part-time member of the Central Policy Unit.

NON-EXECUTIVE DIRECTOR**Mr. Frankie Y. L. WONG**

Frankie Y. L. WONG, aged 64, was appointed as a Non-executive Director of the Company on 17 August 2011 and is Non-executive Director of SOCAM. He was the Vice Chairman of SOCAM from 1997 to 2004 and from April 2010 to August 2011 and the Chief Executive Officer of SOCAM from July 2004 to March 2010. Mr. Wong joined the Shui On Group in 1981. He was a Director of the Company from May 2004 to May 2006 prior to the listing of the Company on The Stock Exchange of Hong Kong Limited in October 2006. He is also one of the Trustees of the Shui On Provident and Retirement Scheme. Prior to joining the Shui On Group, Mr. Wong had many years of banking experience with several major international banks in Hong Kong. He graduated with a Bachelor of Science degree in Economics and a Master of Arts degree from the London School of Economics and Political Science and The University of Lancaster in the United Kingdom respectively. Mr. Wong is currently an Independent Non-executive Director of Solomon Systech (International) Limited, a company listed on the Stock Exchange, a Non-executive Director of Walcom Group Limited, a company listed on the Alternative Investment Market of the London Stock Exchange plc. and a director of Sichuan Shuangma Cement Co., Ltd. (四川雙馬水泥股份有限公司), a company listed on the Shenzhen Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS**Sir John R. H. BOND**

John R. H. BOND, aged 71, has served as an Independent Non-executive Director of the Company since September 2006. He was previously the Group Chairman of HSBC Holdings plc, a company listed on the Stock Exchange and the London Stock Exchange, and was with HSBC from 1961 until May 2006. He was the Chairman of Vodafone Group Plc, a company listed on the London Stock Exchange and NASDAQ, until 26 July 2011. He is currently the Chairman of Xstrata plc, a company listed on the London Stock Exchange and the Swiss Exchange, a Non-executive Director of A. P. Moller Maersk Group, a company listed on the London Stock Exchange and the Copenhagen Stock Exchange, and an Advisory Director of Northern Trust Corporation. He is also a member of the Mayor of Shanghai's International Business Leaders' Advisory Council, a participant in the China Development Forum, a member of the International Advisory Board to the Tsinghua University School of Economics and Management and a member of the Mitsubishi International Advisory Committee.

Dr. William K. L. FUNG, SBS, JP

William K. L. FUNG, aged 64, has served as an Independent Non-executive Director of our Company since May 2006. Dr. Fung has been the Group Chairman of Li & Fung Limited, a company listed on the Stock Exchange, since 14 May 2012 and before that, was the Executive Deputy Chairman (2011 to May 2012) and the Group Managing Director (1986 to 2011) of Li & Fung Limited. He has held key positions in major trade associations. He is past Chairman of the Hong Kong General Chamber of Commerce, Hong Kong Exporters' Association and the Pacific Economic Cooperation Committee. He has been awarded the Silver Bauhinia Star by the Hong Kong Special Administrative Region Government in 2008. Dr. Fung graduated from Princeton University with a Bachelor of Science degree in Engineering and also holds an MBA degree from the Harvard Graduate School of Business. He was conferred Honorary Doctorate degrees of Business Administration by Hong Kong University of Science and Technology and by the Hong Kong Polytechnic University. Dr. Fung is an Independent Non-executive Director of VTech Holdings Limited, Sun Hung Kai Properties Limited and The Hongkong and Shanghai Hotels, Limited (all of which companies are listed on the Stock Exchange) and an Independent Director of Singapore Airlines Limited, a company listed on the Singapore Stock Exchange. He is also a Non-executive Director of other Hong Kong listed Fung Group (formerly known as Li & Fung Group) companies including Convenience Retail Asia Limited and Trinity Limited. He is a director of the Fung Global Institute, an independent non-profit think-tank based in Hong Kong.

Professor Gary C. BIDDLE

Gary C. BIDDLE, aged 61, has served as an Independent Non-executive Director of our Company since May 2006. Chair Professor Gary Biddle is Chair of Accounting and PCCW Professor at the University of Hong Kong. He earned his MBA and Ph.D. degrees from the University of Chicago. He previously served as professor at University of Chicago, University of Washington, Dean of the Faculty of Business and Economics at University of Hong Kong and Associate Dean of the School of Business and Management of Hong Kong University of Science and Technology, where he also was a member of the Council, Court, Senate and held the title of Synergis-Geoffrey Yeh Chair

Professor. He also teaches at leading business school globally, including Columbia Business School (New York), London Business School (London), IMD (Switzerland) and Fudan University and CEIBS (China). Professor Biddle is a member of the American Accounting Association, American Institute of Certified Public Accountants, Washington Society of Certified Public Accountants, American Chamber of Commerce, Hong Kong Business and Professionals Federation, Hong Kong Institute of Certified Public Accountants and Hong Kong Institute of Directors and he is past President and co-founding Council Member of the Hong Kong Academic Accounting Association. Professor Biddle first visited China in 1984 and made Hong Kong home in 1996. His research appears in the premier academic journals globally and in financial publications including CNN, The Economist and Wall Street Journal. He is a recognised expert in financial accounting, economic forecasting, value creation, valuation, corporate governance and performance metrics, including EVA[®]. He has won over 20 teaching awards. Professor Biddle is an Independent Non-executive Director and Audit Committee Chair of leading listed companies also including Kingdee International Software Group Company Limited, a company listed on the Stock Exchange, and has chaired the remuneration committee of closely-held Chinachem Group.

Dr. Roger L. McCARTHY

Roger L. McCARTHY, aged 64, has served as Independent Non-executive Director of our Company since May 2006. Dr. McCarthy is currently the principal of McCarthy Engineering. He was formerly Chairman Emeritus of Exponent, Inc. (NASDAQ symbol “EXPO”). He was also Chairman of Exponent Science and Technology Consulting Co., Ltd. (Hangzhou) (毅博科技諮詢(杭州)有限公司), a wholly owned subsidiary of Exponent, Inc., which he founded in 2005 to expand Exponent Inc.’s services to the PRC. Dr. McCarthy holds five academic degrees: an Arts Bachelor (A.B.) in Philosophy and a Bachelor of Science in Mechanical Engineering (B.S.E.M.E.) from the University of Michigan; and an S.M. degree in Mechanical Engineering, the professional degree of Mechanical Engineer (Mech.E.), and a Ph.D. in Mechanical Engineering all from the Massachusetts Institute of Technology (“MIT”). He graduated from the University of Michigan Phi Beta Kappa, summa cum laude, the Outstanding Undergraduate in Mechanical Engineering in 1972. He was a National Science Foundation fellow. In 1992, Dr. McCarthy was appointed by the first President Bush to the President’s Commission on the National Medal of Science. Dr. McCarthy is one of approximately 165 US Mechanical Engineers elected to the National Academy of Engineering. He currently serves on the External Advisory Boards of the Department of Mechanical Engineering at the University of Michigan, and he delivered the 2008 commencement address for the University of Michigan’s College of Engineering. He is currently a member of the US National Academies Panel on Mechanical Science and Engineering at the Army Research Laboratory (2013-2014 Term) and the National Academy of Engineering / National Research Council Committee on Options for Implementing the Requirement of Best Available and Safest Technologies for Offshore Oil and Gas Operations.

David J. SHAW

David J. SHAW, aged 66, has served as an Independent Non-executive Director of our Company since May 2006. Mr. Shaw is employed by the HSBC Group as Adviser to the Board of HSBC Holdings plc, a London-based appointment which he took up in June 1998. Mr. Shaw is a solicitor, admitted in England and Wales and in Hong Kong. He was a partner of Norton Rose from 1973 until

1998 and during that period spent approximately 20 years working in Hong Kong. Mr. Shaw obtained a law degree from Cambridge University. He is a Non-executive Director of HSBC Bank Bermuda Limited which is part of the HSBC Group. He is also an Independent Non-executive Director of Kowloon Development Company Limited, a company listed on the Stock Exchange.

SENIOR MANAGEMENT

Mr. TANG Ka Wah

TANG Ka Wah, aged 53, is Director - Chongqing and is also an Executive Director of Shui On Development Limited. He is responsible for all aspects of our project in Chongqing. He joined the Shui On Group in 1985 and has over 27 years of working experience in the construction industry. He is a member of the Institution of Structural Engineers and a member of the Hong Kong Institution of Engineers. Mr. Tang is a chartered engineer. He holds a Bachelor's degree in Engineering from The University of Hong Kong and a Master's degree in Business Administration - E-Commerce from the West Coast Institute of Management & Technology, West Australia.

Mr. Charles W. M. CHAN

Charles W. M. CHAN, aged 57, is an Executive Director of Shui On Development Limited ("SOD"), Project Director - KIC Project as well as the Executive Director of Dalian Software Park Shui On Development Ltd. He has taken the role of Chairman of Dalian Tiandi Executive Committee and is responsible for the overall development of Dalian Tiandi project. Mr. Chan also leads the Shanghai KIC project and works closely with other directors of SOD on the overall management and development of SOD. He joined the Shui On Group in January 2004. Prior to joining our Company, Mr. Chan was Deputy Managing Director of Frasers Property (China) Limited, Executive Director of SunCorp Technologies Limited, a company listed on the Stock Exchange, Vice President of Citibank N.A. and Manager of PricewaterhouseCoopers. He is a fellow of the Hong Kong Institute of Certified Public Accountants and an associate of the Institute of Chartered Accountants in Australia. Mr. Chan holds a Bachelor's degree in Economics from the University of Sydney.

Mr. Albert K. B. CHAN

Albert K. B. CHAN, aged 53, is the Director of Development Planning and Design. Mr. Chan joined Shui On in 1997, and has more than 25 years of experience in planning, design and real estate development. Mr. Chan manages the conceptualisation, site feasibility studies, masterplanning and design of developments for the Company. From 1997 to 2001, he led the planning and design effort for the Shanghai Xintiandi development. He also focuses on mixed-use development, new product development, product standardisation efforts, and chairs the Sustainable Development Committee of the Company.

Prior to joining Shui On, Mr. Chan worked at the New York City Department of Design and Construction and at Cooper, Robertson + Partners. Mr. Chan holds a Bachelor's degree in Architectural Design from the University of Minnesota, a Master's degree in Architecture from the University of California, Berkeley, and a Master's degree in Science in Architecture and Urban Design

from Columbia University. He also holds an MBA from New York University. He is a Registered Architect of New York State, an associate member of the American Institute of Architects, a member of the American Planning Association, a member of the Urban Land Institute (“ULI”) and juror of the ULI Award of Excellence.

Mr. UY Kim Lun

UY Kim Lun, aged 49, is Director of Legal Affairs and Company Secretary of our Company. He joined our Company in 2005 and is responsible for the legal, company secretarial and compliance issues of our Company. Mr. Uy holds a Bachelor’s degree, with honours, in Laws and a Postgraduate Certificate in Laws from The University of Hong Kong. He was admitted as a solicitor in Hong Kong in 1991 and in England and Wales in 1994. He has over 21 years of post-qualification experience and has worked in the legal departments of several blue-chip companies in Hong Kong before joining our Company.

Mr. Bryan K. W. CHAN

Bryan K. W. CHAN, aged 38, is currently the Project Director for THE HUB. He is fully in charge of the Group’s mixed used development project adjacent to the Hongqiao Transportation Hub in Hongqiao, Shanghai. Mr. Chan joined the Company in February 2009 as Director of Corporate Development. Prior to joining our Company, Mr. Chan had been an adviser to the Commercial Division of the Company and has extensive experience in both retail and real estate industries. Mr. Chan received a Bachelor of Arts degree in Economics from Northwestern University and a Master’s of Accounting degree from the University of Southern California. He is a member of the Urban Land Institute (ULI), International Council of Shopping Centers (ICSC), Shanghai Youth Federation, Shanghai Youth Entrepreneurs Association and Ming Hang District Political Consultative Committee.

Ms. Jessica Y. WANG

Jessica Y. WANG, aged 38, is currently the Project Director for the Rui Hong Xin Cheng project. She is responsible for all aspects of our project in Rui Hong Xin Cheng, Shanghai. Ms. Wang joined the Group in August 1997 and has over 18 years of working experience in the property development industry in PRC. Prior to joining the Group, Ms. Wang was engaged in sales & marketing in one of the well-known real estate company. Ms. Wang received a Bachelor of Engineering degree in Shanghai University of Technology. Ms. Wang has completed the courses of Executive Master of Business Administration of Real Estate (EMBA) jointly organised by Shanghai Fudan University and Hong Kong University and the China New Entrepreneur Development Program in Center for Sustainable Development and Global Competitiveness in Stanford University. Ms. Wang is a member of Hong Kou District Political Consultative Committee, Chairman of Hong Kou District Association of Enterprises with Foreign Investment, Director of Shanghai Federation of Industry & Commerce Real Estate Chamber of Commerce, Vice Chairman of Hong Kou District non-Party Intellectuals Association, Chairman of Hong Kou District Overseas Returned Entrepreneurs Association, Director of Hong Kou District Overseas Chinese Friendship Association and a member of Hong Kou District Youth Entrepreneurs Association.

Mr. Matthew Q. GUO

Matthew Q. GUO, aged 38, is currently the Project Director for the Wuhan project. He is responsible for all aspects of our Wuhan Tiandi project. To support the implementation of the Company's second three-year plan, Mr. Guo has been appointed as Managing Director of Feng Cheng Property Management on 1 April 2013 to lead the Group's property management business to provide more value added services to our property developments. Mr. Guo joined the Group in 1997 and has over 15 years of working experience in the property development industry in the PRC. In addition to the Wuhan Tiandi project, Mr. Guo was involved in other projects of the Group including Shanghai Xintiandi, Taipingqiao Park, The Lakeville Phase I and the Yangpu Knowledge and Innovation Community project in Shanghai. Mr. Guo holds a Bachelor's degree in Urban Planning from the Tongji University.

Mr. Alex H. M. WONG

Alex H. M. WONG, aged 57, is currently the Project Director for the Foshan project. He is responsible for all aspects of this large scale city centre redevelopment project in Foshan, Guangdong. Mr. Wong initially joined the Group in 1978, left in 1994 and rejoined in 2008. Mr. Wong has over 30 years working experience in the property development and construction industry in the PRC and Hong Kong. Mr. Wong holds a Bachelor of Applied Science Degree from the University of Toronto, Canada.

Mr. Raphael S. P. PUI

Raphael S. P. PUI, aged 50, is Director - Commercial. He is responsible for the Sales & Marketing functions of the Chongqing project, Wuhan project and Dalian Tiandi project. He joined our Company in 2004 and has over 24 years of working experience in the real estate industry. Prior to joining our Company, Mr. Pui took the management role in the asset management function at the American International Assurance Co. Ltd., and The HongKong and Shanghai Hotels, Ltd. Mr. Pui holds a Bachelor's degree in Business Administration at the University of Texas at Austin.

Mr. Tommy W. C. CHUNG

Tommy W. C. CHUNG, aged 52, is Director of Corporate Development of Shui On Development Limited. He joined the Company in 2008 and is responsible for the development of corporate strategy, management of strategic partners and joint venture investments, loyalty platform and hospitality business.

Before joining the Company, Mr. Chung was the President of Global Business of PCCW. Prior to that, Mr. Chung had served in several technology companies in Europe, Singapore and Hong Kong. Mr. Chung holds a Bachelor's degree in Civil Engineering, Master's degree in Philosophy and Master's degree in Business Administration from University of Hong Kong.

Miss Stephanie B. Y. LO

Stephanie B. Y. LO, aged 30, is Director — Product Development for China Xintiandi Limited, a wholly owned subsidiary of the Company. She takes lead in product conceptualisation and product positioning for new commercial projects, driving asset enhancement schemes for existing projects with a view to maximising the value of the Company's asset portfolio. She is the daughter of Mr. Lo. Miss Lo joined our Group in August 2012 and has over 9 years of working experience in architecture and interior design as well as other art enterprises. Prior to joining our Group, Miss Lo was working for various architecture and design firms in New York City, amongst which was Studio Sofield, a firm well-known for its capability in retail design. She holds a Bachelor of Arts degree in architecture from Wellesley College in Massachusetts.

Mr. Thomas Y. W. TAM

Thomas Y. W. TAM, aged 51, is currently the Executive Director — Commercial of China Xintiandi. He is responsible for the leasing, branding and marketing of China Xintiandi's office and retail asset portfolios. He joined our Group in 2012. Prior to joining the Group, he was the founder of TCBL Consulting Limited and served as its Joint Managing Director. He has more than 27 years of experience working for major Hong Kong developers and conglomerates, including Cheung Kong Group, CITIC Pacific, and Hongkong Land. Mr. Tam has been involved in the China real estate industry since 1993. He holds a Professional Diploma in Estate Management from the Hong Kong Polytechnic University. He is a Member of Hong Kong Institute of Surveyors and Royal Institution of Chartered Surveyors.

Mr. Alan W. K. TIN

Alan W. K. TIN, aged 55, is currently the Director — Corporate Services of China Xintiandi responsible for the human resources, administration and IT matters. He joined the Shui On Group in 1989 and has over 25 years of working experience in human resource management. He holds a Master's degree in Business Administration and is a Fellow Member and an Executive Council Member of the Hong Kong Institute of Human Resource Management.

EXPENSES

The expenses in relation to the Rights Issue (including the underwriting fee, printing, registration, legal, accounting and documentation charges) are estimated to be approximately HK\$57.4 million, and will be payable by the Company.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of this prospectus, together with copies of the PAL and the EAF and the written consent referred to in the paragraph headed "Expert and Consent" in this appendix have been delivered to the Registrar of Companies in Hong Kong for registration as required by Section 342C of the Companies Ordinance.

LEGAL EFFECT

The Rights Issue Documents and all acceptance of any offer or application contained in such documents are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies Ordinance, so far as applicable.

MISCELLANEOUS

- (a) The registered office of the Company is located at 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The company secretary of the Company is UY Kim Lun, a qualified lawyer in Hong Kong.
- (d) The English text of this prospectus shall prevail over the Chinese text in the case of inconsistency.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Freshfields Bruckhaus Deringer at 11th Floor, Two Exchange Square, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the financial years ended 31 December 2010, 2011, and 2012;
- (c) the accountants' report on the unaudited pro forma financial information of the Group from Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this prospectus;
- (d) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (e) the written consent referred to in the paragraph headed "Expert and Consent" in this appendix; and
- (f) this prospectus.