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

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Shui On Land Limited
瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 272)

DISCLOSEABLE AND CONNECTED TRANSACTIONS

**ACQUISITION OF LAND IN WUJIAOCHANG, YANGPU DISTRICT, SHANGHAI
AND FORMATION OF JOINT VENTURE WITH SYKIZ
IN RELATION TO THE KIC PROJECT**

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



A letter from the Independent Board Committee is set out on pages 9 to 10 of this circular.

A letter from Access Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 11 to 19 of this circular.

* for identification purposes only

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DEFINITIONS

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

“Access Capital” or “Independent Financial Adviser”	Access Capital Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined in the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Land Transaction;
“Acquisition”	the successful bidding for the acquisition of the land use rights of the Land by the Purchasers on 5 March 2010;
“Board”	the board of Directors;
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange;
“Confirmation Agreement”	the agreement dated 5 March 2010 between the Purchasers and the Land Exchange Center relating to the Acquisition;
“connected person(s)”, “subsidiary”, “substantial shareholder(s)”	each has the meaning ascribed to it in the Listing Rules;
“Cooperation Agreement”	the agreement dated 10 February 2010 between Top Victory and SYKIZ relating to, <i>inter alia</i> , the establishment of the Project Company following the Acquisition;
“Director(s)”	the director(s) of the Company;
“GFA”	gross floor area;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the committee of the Board comprising Professor Gary C. BIDDLE, Dr. Edgar W. K. CHENG and Dr. Roger L. McCARTHY, each being an independent non-executive Director, constituted to advise the Independent Shareholders on whether the terms of the Land Transaction are fair and reasonable;

DEFINITIONS

“Independent Shareholders”	all the Shareholders as no Shareholder is required to abstain from voting in relation to the approval of the Land Transaction;
“KIC”	Shanghai Yangpu Centre Development Co., Ltd. (上海楊浦中央社區發展有限公司), a company established under the laws of the PRC which is a non-wholly owned subsidiary of the Company;
“KIC Project”	the project of Knowledge and Innovation Community which is jointly developed by the Yangpu District Government and the Group;
“Land”	a piece of land located at south of Zheng Li Road and west of Song Hu Road, Wujiaochang, Yangpu District, Shanghai, the PRC (中國上海市楊浦區五角場街道311街坊地塊) with a net site area of approximately 78,150.5 square metres, while the estimated developable GFA will be approximately 159,579 square metres;
“Land Contract”	the formal land transfer agreement (上海市國有建設用地使用權出讓合同) to be entered into between the Seller and the Purchasers in relation to the transfer of the land use rights of the Land;
“Land Exchange Center”	Shanghai Real Estate Trading Center (上海市房地產交易中心) in Shanghai, the PRC;
“Land Transaction”	the Acquisition and the establishment of the Project Company;
“Latest Practicable Date”	1 April 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Lo”	Mr. Vincent H. S. LO;
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan;
“Project Company”	the joint venture company to be established for holding and developing the Land, which shall be owned as to 99% by Top Victory and as to 1% by SYKIZ;
“Purchasers”	Top Victory and SYKIZ;

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC;
“Seller”	the Yangpu District unit of Shanghai Municipal Bureau of Planning and Land Resources (上海市楊浦區規劃和土地管理局);
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	the holders of the Shares;
“Shares”	ordinary shares of nominal value of US\$0.0025 each in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“SYKIZ”	Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd. (上海楊浦知識創新區投資發展有限公司), a company established under the laws of the PRC;
“Tender Notice and Conditions”	the tender notice and conditions (國有建設用地使用權掛牌出讓須知) published by the Seller in relation to the bidding of the Land;
“Top Victory”	Top Victory Development Limited, a company incorporated under the laws of Hong Kong which is wholly owned by the Company; and
“%”	per cent.

LETTER FROM THE BOARD



瑞安房地產
SHUI ON LAND

Shui On Land Limited 瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 272)

Executive Directors:

Mr. Vincent H. S. LO

(Chairman and Chief Executive Officer)

Mr. Daniel Y. K. WAN

Mr. Louis H. W. WONG

Non-executive Director:

The Honourable LEUNG Chun Ying

Independent Non-executive Directors:

Sir John R. H. BOND

Dr. Edgar W. K. CHENG

Dr. William K. L. FUNG

Professor Gary C. BIDDLE

Dr. Roger L. McCARTHY

Mr. David J. SHAW

Registered Office:

Walker House

87 Mary Street

George Town

Grand Cayman KY1-9005

Cayman Islands

Place of Business in Hong Kong:

34/F, Shui On Centre

6-8 Harbour Road

Wan Chai

Hong Kong

12 April 2010

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
ACQUISITION OF LAND IN WUJIAOCHANG, YANGPU DISTRICT, SHANGHAI
AND FORMATION OF JOINT VENTURE WITH SYKIZ
IN RELATION TO THE KIC PROJECT**

INTRODUCTION

Reference is made to the announcement of the Company dated 5 March 2010 in respect of the Land Transaction.

* for identification purposes only

LETTER FROM THE BOARD

On 5 March 2010, the Board announced that Top Victory and SYKIZ entered into the Confirmation Agreement with the Land Exchange Center confirming the successful bid for the Land located in Yangpu District, Shanghai, the PRC at a price of RMB1,263,810,000. Top Victory and SYKIZ agreed to establish a joint venture company which shall be owned as to 99% by Top Victory and as to 1% by SYKIZ for the purpose of, *inter alia*, holding and developing the Land pursuant to the terms of the Cooperation Agreement.

The Land Transaction constitutes discloseable and connected transactions of the Company for the purposes of the Listing Rules.

The purpose of this circular is to provide you with details of the Land Transaction and to set out the opinion of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Land Transaction.

THE ACQUISITION

Confirmation Agreement

Date : 5 March 2010

Parties : (a) the Purchasers as the purchasers; and
(b) the Land Exchange Center as the tenderer.

Consideration : RMB1,263,810,000 to be borne by Top Victory and SYKIZ in the ratio of 99:1.

The price for the Land was the outcome of the public bidding held by the Land Exchange Center on 5 March 2010 which was conducted in accordance with the relevant PRC laws and regulations, and it represents the minimum starting bid price of RMB1,263,810,000 for the Land as quoted in the Tender Notice and Conditions.

Details of the payment terms for the Acquisition shall be governed by the Land Contract and the ancillary documents relating to the Acquisition.

Major terms : To confirm the Acquisition according to the terms set out in the Tender Notice and Conditions and the use of Land for residential, commercial, offices and any other purposes determined and approved by the relevant regulatory authorities from time to time.

LETTER FROM THE BOARD

FORMATION OF JOINT VENTURE WITH SYKIZ

Following the Acquisition, Top Victory and SYKIZ will establish a joint venture company which shall be owned as to 99% by Top Victory and as to 1% by SYKIZ for the purpose of, *inter alia*, holding and developing the Land in accordance with the terms of the Cooperation Agreement.

It was also agreed between Top Victory and SYKIZ that, among other things, (i) the total financial commitment for the Land development will be funded by Top Victory and SYKIZ on a 99:1 ownership basis; and (ii) in the event that working capital is required for the Land development, such capital requirement will be contributed by Top Victory and SYKIZ in proportion to their respective shareholding interest in the Project Company.

Pursuant to the Tender Notice and Conditions, the Group is required to build on the Land a management school campus of international standard with a GFA of approximately 51,000 square metres and a minimum development cost of RMB15,000 per square metre, for a total cost of approximately RMB765 million. The Group is obliged to hand over the campus buildings to the Yangpu District Government after development with a tentative development schedule of two years commencing from 2012. After taking into consideration the net costs of the site area and the estimated construction cost of the school campus and other improvements to be handed over to the Yangpu District Government, the Directors consider the purchase of the Land to be in the best interest of the Company and the Shareholders as a whole, given the selling prices of properties in Shanghai that are similar to those to be retained by the Company as quoted in the letter of advice from the Independent Financial Adviser set out on pages 11 to 19 of this circular.

The total investment for the Land is estimated to be approximately RMB3.7 billion. This includes the price for the Land at RMB1,263,810,000, the estimated development cost of approximately RMB765 million for the management school campus, and the estimated development cost of approximately RMB1.671 billion for the GFA of approximately 160,000 square metres to be developed by the Group and the community ancillary facilities, etc., as stated in the Tender Notice and Conditions. The Group's share of the total investment cost will be funded from its internal resources and bank borrowings.

REASONS FOR THE LAND TRANSACTION

The Land is adjacent to the existing KIC Project and aligns well with the Group's business model and core competence in developing large scale multiphase integrated property projects. The Directors believe that the Acquisition is a good investment opportunity for the Group to broaden its asset and earning base and to complete the master plan of the KIC Project.

The Directors (including the independent non-executive Directors) consider that the Land Transaction was entered into in the ordinary and usual course of business of the Group. The terms of the Land Transaction were agreed on normal commercial terms and are fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

SYKIZ is a connected person of the Company by virtue of its approximately 13.2% shareholding interest in KIC, which is a non-wholly owned subsidiary of the Company. Therefore, the Land Transaction constitutes a connected transaction of the Company. Since the applicable percentage ratios (other than the profits ratio) under Chapter 14A of the Listing Rules exceed 2.5% and the total financial commitment payable by the Group is more than HK\$10 million, the Land Transaction is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

INFORMATION REGARDING THE PURCHASERS, THE SELLER AND THE LAND EXCHANGE CENTRE

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.

SYKIZ is an investment holding company and currently holds approximately 13.2% equity interest in KIC.

The Seller is responsible for the urban development planning and land use management of the Yangpu District, Shanghai, PRC.

The main functions of the Land Exchange Center is to register land transactions and to conduct tenders, auctions and public quotations relating to land use rights transactions in Shanghai, PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Seller and the Land Exchange Center and their respective ultimate beneficial owner are third parties independent of the Company and its connected persons.

INDEPENDENT SHAREHOLDERS' APPROVAL

Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited, a closely allied group of Shareholders, each being a subsidiary of Shui On Company Limited, holds 1,034,000,000 Shares, 1,044,696,452 Shares and 435,678,793 Shares, respectively. Together, they hold approximately 50.06% of the entire issued share capital of the Company at the Latest Practicable Date. Since none of the Shareholders is required to abstain from voting on the Land Transaction, written approvals of Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited have been obtained for the purpose of approving the Land Transaction in lieu of an approval from the Independent Shareholders at a Shareholders' meeting pursuant to Rule 14A.43 of the Listing Rules.

LETTER FROM THE BOARD

An application has been made by the Company to the Stock Exchange for, and the Stock Exchange has granted to the Company on 8 March 2010, a waiver of the requirement for the Company to hold a Shareholders' meeting in accordance with Rule 14A.43 of the Listing Rules, on the basis that the Land Transaction has been approved by a written approval of a closely allied group of Shareholders.

An Independent Board Committee of the Company has been established to advise the Independent Shareholders, and Access Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Land Transaction.

RECOMMENDATION

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

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 9 to 10 of this circular, and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in respect of the Land Transaction set out on pages 11 to 19 to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



瑞安房地產
SHUI ON LAND

Shui On Land Limited
瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 272)

12 April 2010

To the Independent Shareholder(s)

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
ACQUISITION OF LAND IN WUJIAOCHANG, YANGPU DISTRICT, SHANGHAI
AND FORMATION OF JOINT VENTURE WITH SYKIZ
IN RELATION TO THE KIC PROJECT**

We refer to the circular (the “Circular”) dated 12 April 2010 issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter, unless the context otherwise requires.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in its opinion, the Land Transaction was entered into in the ordinary and usual course of business of the Group, the terms of the Land Transaction are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Access Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Land Transaction.

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 8 of the Circular and the text of a letter of advice from Access Capital, as set out on pages 11 to 19 of the Circular, both of which provide details of the Land Transaction.

Having considered the terms of the Land Transaction, the advice of Access Capital and the relevant information contained in the letter from the Board, we are of the opinion that the Land Transaction was entered into in the ordinary and usual course of business of the Group, the terms of the Land Transaction are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and that the entering into of the Land Transaction is in the interests of the Company and the Shareholders as a whole.

* *for identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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

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

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

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

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

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of the letter of advice from Access Capital to the Independent Board Committee and the Independent Shareholders prepared for inclusion in this circular.



Suite 606, 6th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

12 April 2010

*To the Independent Board Committee and
the Independent Shareholders of Shui On Land Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTIONS

ACQUISITION OF LAND IN WUJIAOCHANG, YANGPU DISTRICT, SHANGHAI AND FORMATION OF JOINT VENTURE WITH SYKIZ IN RELATION TO THE KIC PROJECT

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Land Transaction, details of which are set out in the “Letter from the Board” contained in the circular dated 12 April 2010 issued by the Company to the Shareholders (the “Circular”), of which this letter forms part. Unless otherwise stated, terms defined in the Circular shall have the same meanings in this letter.

As the relevant percentage ratios defined in Rule 14.07 of the Listing Rules in respect of the Land Transaction are more than 5% but less than 25%, the Land Transaction constitutes a discloseable transaction of the Company. SYKIZ is a connected person of the Company by virtue of its approximately 13.2% shareholding interest in KIC, which is a non-wholly owned subsidiary of the Company. Therefore, the Land Transaction also constitutes a connected transaction of the Company. Since the applicable percentage ratios (other than the profits ratio) under Chapter 14A of the Listing Rules exceed 2.5% and the total financial commitment payable by the Group is more than HK\$10 million, the Land Transaction is subject to the reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules.

Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited, a closely allied group of Shareholders, each being a subsidiary of Shui On Company Limited, holds 1,034,000,000 Shares, 1,044,696,452 Shares and 435,678,793 Shares,

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

respectively. Together, they hold approximately 50.06% of the entire issued share capital of the Company at the Latest Practicable Date. Since none of the Shareholders is required to abstain from voting on the Land Transaction, written approvals of Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited have been obtained for the purpose of approving the Land Transaction in lieu of an approval from the Independent Shareholders at a Shareholders' meeting pursuant to Rule 14A.43 of the Listing Rules.

The Company had obtained a waiver from the Stock Exchange of the requirement for the Company to hold a Shareholders' meeting in accordance with Rule 14A.43 of the Listing Rules, on the basis that the Land Transaction has been approved by a written approval of a closely allied group of Shareholders.

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of ten Directors, namely Mr. Vincent H. S. Lo (Chairman and Chief Executive Officer), Mr. Daniel Y. K. Wan and Mr. Louis H. W. Wong as executive Directors, The Honourable Leung Chun Ying as the non-executive Director, Sir John R. H. Bond, Dr. Edgar W. K. Cheng, Dr. William K. L. Fung, Professor Gary C. Biddle, Dr. Roger L. McCarthy and Mr. David J. Shaw as independent non-executive Directors.

The Independent Board Committee comprising Professor Gary C. Biddle, Dr. Edgar W. K. Cheng and Dr. Roger L. McCarthy, each being an independent non-executive Director, and members of the audit committee of the Company has been established to advise the Independent Shareholders as to whether (i) the Land Transaction was entered into in the ordinary course of business of the Group; (ii) the terms of the Land Transaction are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) whether the Land Transaction is in the interest of the Company and the Shareholders as a whole.

We have been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect and to give our opinion in relation to the Land Transaction for the Independent Board Committee's consideration when making its recommendation to the Independent Shareholders.

III. BASIS AND ASSUMPTIONS

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company and/or its senior management staff and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Company and/or its senior management staff and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular. We have assumed that all the opinions and representations made or provided by the Directors and/or the senior management staff of the Company contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or its senior management staff and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have reviewed all currently available information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company and/or its senior management staff and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Company or any of its subsidiaries.

IV. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the Land Transaction, we have taken into consideration the following principal factors and reasons:

1. Principal activities of the Group

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.

Set out below are the operating results of the Group for the two years ended 31 December 2008 and for the six months ended 30 June 2009 as extracted from the Company's annual report 2008 ("Annual Report") and interim report 2009 ("Interim Report"), respectively:

	(Audited)		(Unaudited)
	For the year ended		For the six
	31 December		months ended
	2007	2008	30 June
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
Turnover	4,570	3,556	1,335
Other income	269	342	107
Operating profit	2,284	1,543	197
Increase in fair value of investment properties	577	382	199
Gains on disposal and/or partial disposal of equity interests in subsidiaries	845	1,883	—
Profit for the year/period	<u>2,867</u>	<u>2,742</u>	<u>656</u>

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

Operating results for the year ended 31 December 2008

For the year ended 31 December 2008, the Group's turnover was approximately RMB3,556 million representing a decrease of approximately 22% as compared with that of 2007. As explained by the management of the Company, decrease in turnover was due to the drop in property sales in the second half of the year when the global financial crisis erupted. According to the Annual Report, segment turnover under property development (i.e. property sales) decreased by approximately 28% to approximately RMB2,939 million (2007: approximately RMB4,085 million). During 2008, total GFA sold by the Group was 85,100 square metres ("sq. m.") (2007: 138,000 sq. m.). On the other hand, segment turnover under property investment increased by approximately 25% to RMB593 million (2007: RMB474 million). The management of the Company attributed this to increased rental rates in Shanghai Xintiandi and Shanghai Corporate Avenue as well as increased occupancy rates in the KIC Project and Wuhan Tiandi since many new tenants commenced their leases towards the end of 2007.

The Group's operating profit decreased by approximately 32% mainly due to the decrease in property sales as mentioned above. Gains on disposal and partial disposal of equity interests in subsidiaries increased to approximately RMB1,883 million (2007: approximately RMB845 million). The Group's stated strategy is to bring in strategic partners to co-develop the Group's projects, either at a project level and/or at a phase level. During 2008, the Group sold 25% interest in 2 development projects respectively giving rise to gain on disposal of approximately RMB1,681 million, which was stated net of the share of profits to minority shareholders.

Operating result for the six months ended 30 June 2009

For the six months ended 30 June 2009, the Group's turnover reached RMB1,335 million, representing an increase of approximately 18% over that of same period in 2008 (six months ended 30 June 2008: approximately RMB1,132 million). The management of the Company saw the steady revival of the PRC economy under the government's policies and measures to stimulate investment and domestic consumption. These stimulus packages received positive response from market and in particular the real estate sector. Segment turnover under property development was approximately RMB1,010 million (six months ended 30 June 2008: approximately RMB827 million). On the other hand, segment turnover under property investment was approximately RMB305 million (six months ended 30 June 2008: approximately RMB287 million). With the absence of gain on disposal and/or partial disposal of equity interests in subsidiaries (six months ended 30 June 2008: approximately RMB862 million), the Group's profit for the period under review decreased to approximately RMB656 million (six months ended 30 June 2008: approximately RMB1,395 million).

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

2. Information on SYKIZ

SYKIZ is an investment holding company and currently holds approximately 13.2% equity interest in KIC for the joint development of the KIC Project. According to the information provided by the Company, SYKIZ was established in May 2002 under the laws of the PRC with a registered capital of RMB600 million. The shareholders of SYKIZ are 上海國有資產經營有限公司 (Shanghai State-owned Assets Operation Co., Ltd[#]), 上海楊浦國有資產經營有限公司 (Shanghai Yangpu State-owned Assets Operation Co., Ltd[#]) and 上海楊浦區土地發展中心 (Shanghai Yangpu Land Development Centre[#]) which is an operating unit under 上海市楊浦區規劃和土地管理局 (Shanghai Municipal Bureau of Planning and Land Resources).

3. The Land Transaction

On 5 March 2010, Top Victory together with SYKIZ have made a successful bid for the Land located in Yangpu District, Shanghai, the PRC at a price of RMB1,263,810,000 (“Consideration”). The Confirmation Agreement was entered into on 5 March 2010 between Top Victory, SYKIZ and the Land Exchange Center confirming the successful bid of the Land at the Consideration. The bidding process was conducted by the Land Exchange Center in accordance with the relevant PRC laws and regulations.

The Seller, being the Yangpu District unit of Shanghai Municipal Bureau of Planning and Land Resources set out in the Tender Notice and Conditions, among other things, the details of the Land, the minimum starting bid price for the Land of RMB1,263,810,000 and requirements on the development of the Land.

Following the Acquisition, Top Victory and SYKIZ will establish a joint venture company which shall be owned as to 99% by Top Victory and as to 1% by SYKIZ for the purpose of, *inter alia*, holding and developing the Land in accordance with the terms of the Cooperation Agreement.

4. Information on the Land

The Land is a piece of land located at Wujiaochang, Yangpu District, Shanghai, the PRC, with a total site area of approximately 102,880.9 sq. m. The net site area is approximately 78,150.5 sq. m. and other areas consist of approximately 24,730.4 sq. m. We were informed by the Company that the Land is within the planned plot of land area for the KIC Project. According to the Tender Notice and Conditions, the Purchasers are required to build constructions on an area of 17,085.8 sq. m. of the Land at a construction cost of not less than RMB15,000 per sq. m. for educational purposes and ancillary facilities. Upon completion, the Purchasers are obliged to hand over these education and ancillary facilities without compensation to the Yangpu District Government. Also, a total GFA of 6,930 sq. m. in the residential portion of the Land should be handed over to the government for community ancillary facilities without compensation. A GFA of 3,000 sq. m. of the Land should be used for public facilities, which would be resumed by the government and the Purchasers would be reimbursed for the development costs. We have reviewed some tender notices published on the website (www.shgti.gov.cn) of 上海市規劃和國土資源管理局 (Shanghai Municipal Bureau of Planning and

[#] For identification purpose

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

Land Resources) in relation to the bidding of lands in Shanghai. We noted that it is a common condition for purchasers to undertake to invest and build public facilities and/or ancillary facilities such as kindergartens and schools on the land offered for bidding. Upon completion of these developments, purchasers are obliged to hand over these developments and facilities without compensation to the district government in Shanghai. In this regard, we consider that the terms of the Acquisition are on normal commercial terms. Given that the Acquisition is part of the Group's existing development plan and other reasons as explained in the paragraph headed "Reasons for the Land Transaction" below, we consider that the above-mentioned development requirement on the Land is in the interest of the Company.

As learnt from the valuation report issued by Knight Frank Petty Limited (an independent valuer to the Company) ("Valuation Report") set out in Appendix I to the Circular, the Land has a market value of RMB1,300,000,000 as at 5 March 2010. We understand from the Valuation Report that the valuation on the Land has been made by adopting a direct comparison approach with reference to comparable transactions in the locality. We consider that this methodology is consistent with market practice and the underlying basis for the valuation of the Land is fair and reasonable. Based on the information provided by the Company, the plan is to develop the Land into a composite development with total GFA of approximately 210,600 sq. m., of which approximately 160,000 sq. m. will be developed by the Group into residential and commercial space, including office, hotel and retail premises. The remaining GFA of approximately 51,000 sq. m. will be for a business school. Total investment in this project is estimated at approximately RMB3.7 billion including (i) the cost of the Land at RMB1,263,810,000; (ii) the estimated development cost of approximately RMB765 million for the management school campus; and (iii) the estimated development cost of approximately RMB1.671 billion for the GFA of approximately 160,000 sq. m. to be developed by the Group and the community ancillary facilities and public facilities as stated in the Tender Notice and Conditions. The Group's share of the total investment cost will be funded from its internal resources and bank borrowings.

5. Reasons for the Land Transaction

As set out in the paragraph headed "Reasons for the Land Transaction" in the Letter from the Board, the Directors believe that the Acquisition is a good investment opportunity for the Group to broaden its asset and earning base and to complete the master plan of the KIC Project.

(i) *Business development of the Group*

The Group is one of the leading property developers in the PRC. As learnt from the Annual Report, the Group's property developments are located in 6 major cities of the PRC, namely Shanghai, Hangzhou, Wuhan, Chongqing, Dalian and Foshan. These property projects comprise a wide range of high-end developments including office, retail, residential, hotels and serviced apartments. In Shanghai, the Group is renowned for the redevelopment project namely the Shanghai Xintiandi in the Luwan District. Apart from this, the Group currently has two other development projects in Shanghai. One is an integrated residential redevelopment project catering to the emerging upper middle class community in Shanghai located in Hongkou District which rests adjacent to the North Bund. The other is the KIC Project.

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We learnt from the Company that the Group's strategic plan on the development of the KIC Project can be dated back to 2004 when Shui On Holdings Limited, a related company of the Group, entered into a master agreement with the Yangpu District Government. A description of the KIC Project and the related master plan were set out in the listing prospectus of the Company dated 20 September 2006. According to the management of the Company, the KIC Project will cover a site area of approximately 839,000 sq. m. and is expected to be completed by 2015. The management of the Company describes the KIC Project as located at the centre of Wujiaochang or Five Corners sub-centre of the Yangpu District in an integrated development project targeting the communities of the knowledge industry. The KIC Project comprises four major zones providing office buildings, learning centres, exhibition halls, conference facilities, apartments, offices, retail and recreational facilities, a sports complex, and research and development facilities for hi-tech and digital industries.

As the Land is within the planned land plot of the KIC Project, the management of the Company considers that the Acquisition will complete the master plan of the KIC Project. According to the Interim Report, GFA for completed properties, properties under development and properties held for future development under the KIC Project were approximately 147,000 sq. m., 216,000 sq. m. and 163,000 sq. m., respectively, as at 30 June 2009. The management of the Company indicates that sales of properties in the KIC Project have been progressing well since these properties were first launched in the market in late 2006 and had contributed a satisfactory return to the Group. According to the Interim Report, approximately 6,700 sq. m. of the residential and office premises in the KIC Project were contracted for sale at an average price of RMB20,600 per sq. m. for the six months ended 30 June 2009 and will be recorded as revenue upon handover to the end users.

(ii) ***Relationship with SYKIZ***

SYKIZ had been a shareholder of KIC since 2003 when its shareholdings was 30% for the joint development of the KIC Project. In 2008, the shareholding of SYKIZ in KIC was reduced to approximately 13.2%. The Company views the partnership with SYKIZ as allowing the Group to access certain expertise that SYKIZ possesses regarding the relocation of original residents in the land area for future project development, that may be beneficial to the Group's projects. In relation to the Acquisition, it was required by the Tender Notice and Conditions that the Purchasers undertake to bring into the project, upon its completion, international and local first class organizations for providing education in business management, risk management and other trainings. In this regard, the Company considers SYKIZ, as a state-owned enterprise, to possess requisite expertise and relationships in these aspects. As informed by the management of the Company, for operational and administration purposes, a new joint venture will be formed between Top Victory and SYKIZ for the development of the Land according to the terms of the Cooperation Agreement.

Based on the above, we consider that the Acquisition is a move toward realizing the Group's existing plan on the KIC Project and we concur with the Directors that the Acquisition will complete the master plan of the KIC Project. The Directors also stated in the Annual Report that

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the Group will continue to look for appropriate strategic partners to co-develop projects, either at a project level and/or for a particular parcel. Accordingly, we consider that formation of the joint venture with SYKIZ in respect of the development of the Land is in line with the Group's strategy.

(iii) *Information on the Yangpu District, Shanghai*

Yangpu District is located in the north-eastern part of downtown Shanghai. It is the largest urban area of Shanghai with a population of approximately 1.2 million in 2008 according to the website of the Shanghai Municipal Government. In 2003, the Shanghai Municipal Government has approved the development of "Yangpu Knowledge Innovation Zone" with the core concept of "three-area unity and joint development" to combine and develop altogether the university area, the science-technology area and the public community area. The district is home to universities and colleges including top universities in the PRC such as Fudan University, Tongji University, Shanghai University of Finance and Economics and University of Shanghai for Science and Technology.

Despite the global financial crisis in 2008, in response to stimulate measures adopted by the central government of the PRC, the PRC economy showed continuous growth in 2009. According to the statistics issued by the Shanghai Municipal Government, the gross domestic products of Shanghai for 2009 increased by 8.2% as compared to that of 2008. According to the research issued by Vigers Appraisal Limited in 2009, in March 2009, the central government endorsed a blueprint to make Shanghai a global financial and shipping centre by 2020. The State Council said Shanghai's future was in modern services, advanced manufacturing and becoming an international hub for finance and shipping.

According to the "MarketView — People's Republic of China" issued by CB Richard Ellis for the fourth quarter 2009 (the "Q4 Research"), the Shanghai residential market witnessed substantial positive sentiment in the fourth quarter 2009. The average price of luxury apartments increased by 10.1% on a quarter-to-quarter basis to approximately RMB43,123 per sq. m. (according to the "MarketView — People's Republic of China" issued by CB Richard Ellis for the first quarter 2009 (the "Q1 Research"), the average price of luxury apartments in Shanghai was approximately RMB35,000 per sq. m. in the first quarter 2009), with a continued high level of luxury apartment transactions and very good sales performance displayed by newly launched projects. The Q4 Research showed that the price index for Shanghai luxury residential market rose from about 160 in January 2006 to about 250 in December 2009. The Q4 Research also set out that Shanghai prime office prices in the fourth quarter 2009 increased by 4.8% on a quarter-to-quarter basis to an average of approximately RMB30,000 per sq. m. (according to the Q1 Research, average price of Shanghai prime office in the first quarter 2009 was approximately RMB27,000 per sq. m.). The price index for Shanghai prime office market rose from about 120 in January 2006 to about 175 in December 2009.

The PRC government had indicated by the end of 2009 that it is ready to tighten policies to prevent the economy from overheating including policies to curb property speculation. We believe that these measures will stabilise the property market in the PRC. Shanghai is fleshing out its plan to build an international financial centre and has already begun piloting the use of

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the RMB for cross-border trade settlement. With this, together with the run-up to the World Expo 2010, Shanghai has been attracting overseas companies that benefit the city by way of direct investments and bringing an influx of people who will increase the demand for housing.

6. The Cooperation Agreement

On 10 February 2010, Top Victory and SYKIZ entered into the Cooperation Agreement that they will jointly make a bid for and develop the Land. Pursuant to the Cooperation Agreement, it was also agreed that among other things, (i) the total financial commitment for the development of the Land will be funded by Top Victory and SYKIZ on a 99:1 ownership basis; and (ii) in the event that working capital is required for the development of the Land, such capital will be contributed by Top Victory and SYKIZ in proportion to their respective shareholding interests in the Project Company. The Cooperation Agreement also set out that SYKIZ will be responsible for the development of the Land area of 17,085.8 sq. m. in accordance with the requirement of the Tender Notice and Conditions. We consider that the terms of the Cooperation Agreement are on normal commercial terms.

7. Our view

Given (i) the satisfactory outlook in the Shanghai economy; (ii) the core development in the Yangpu District is supported by the Shanghai Municipal Government with which the Group has satisfactory relationship and reputable track record; (iii) the Acquisition that comprises part of the Group's existing development plan; and (iv) the Land was acquired by bidding under the laws and regulations of the PRC, we consider the Land Transaction to be in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

V. RECOMMENDATION

Having considered the above principal factors, namely (i) the background to and reasons for the Land Transaction and (ii) the terms of the Cooperation Agreement, we are of the opinion that the Land Transaction was entered into in the ordinary and usual course of business of the Group, and that the terms of the Land Transaction are on normal commercial terms that are fair and reasonable so far as the Independent Shareholders are concerned. We also consider that the Land Transaction is in the interests of the Company and the Shareholders as a whole. Therefore, we would advise the Independent Board Committee to recommend that Independent Shareholders vote for the Land Transaction if a physical Shareholders' meeting was to be held.

Yours faithfully,
For and on behalf of
Access Capital Limited

Alexander Tai
Principal Director

Jimmy Chung
Principal Director

Set out below is the letter and valuation report received from Knight Frank Petty Limited, an independent property valuer, prepared for the purpose of incorporation in this circular in connection with their valuation of the property interest to be acquired by the Group in the PRC as at 5 March 2010.



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12 April 2010

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

Dear Sirs,

VALUATION OF A PARCEL OF LAND LOCATED AT SOUTH OF ZHENG LI ROAD AND WEST OF SONG HU ROAD, WU JIAO CHANG, YANG PU DISTRICT, SHANGHAI, THE PEOPLE'S REPUBLIC OF CHINA

In accordance with your instructions for us to value the captioned property interest to be acquired by Shui On Land Limited (hereinafter referred to as the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 5 March 2010.

BASIS OF VALUATION

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

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

VALUATION METHODOLOGY

We have valued the property by adopting a direct comparison approach with reference to comparable transactions in the locality. We have assumed that the property will be completed in accordance with the development proposals provided to us and the relevant approvals for the proposals have been obtained. We have also taken into account the cost of development including construction costs, finance costs, professional fees and developer's profit which duly reflects the risks associated with the development of the property.

TITLE DOCUMENTS AND ENCUMBRANCES

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

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

SOURCE OF INFORMATION

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

INSPECTION AND STRUCTURAL CONDITION

We have inspected the property. However, we have not carried out site investigations to determine the suitability of ground conditions and services, etc. for any future developments. Our valuation is prepared on the assumption that these aspects are satisfactory.

REMARKS

In the course of our valuation, we have complied with the requirements contained within the relevant provisions of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the First Edition of The HKIS Valuation Standards on Properties published by the Hong Kong Institute of Surveyors.

CURRENCY

All money amounts stated are in Renminbi.

Our valuation report is attached.

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

Note: Alex S L Ng, MRICS, MHKIS, RPS(GP), has been a qualified valuer with Knight Frank Petty Limited since November 1995 and has 23 years' experience in valuation of properties in Hong Kong and has been involved in valuation of properties in the People's Republic of China and Asia Pacific region since 1988.

VALUATION REPORT

Property interest to be acquired by the Group for future development in the PRC

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 5 March 2010														
A parcel of land located at south of Zheng Li Road and west of Song Hu Road, Wu Jiao Chang, Yang Pu District, Shanghai, The PRC	<p>The property comprises a parcel of land with a total site area of approximately 102,880.90 sq. m. with a net site area of approximately 78,150.50 sq. m. and a site area of approximately 24,730.40 sq. m. for other use.</p> <p>The property is planned to be developed into a composite development developed in three phases and the gross floor area are listed as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area <i>sq. m.</i></th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>48,460</td> </tr> <tr> <td>Office/Commercial</td> <td>93,406</td> </tr> <tr> <td>Hotel</td> <td>17,713</td> </tr> <tr> <td>Sub-total</td> <td>159,579</td> </tr> <tr> <td>School</td> <td>51,056</td> </tr> <tr> <td>Total</td> <td><u>210,635</u></td> </tr> </tbody> </table> <p>The land use right terms of the property are assumed to be granted for a term of 40 years for commercial use, 50 years for office use and 70 years for residential use (according to the document mentioned in Note 2 below).</p>	Use	Gross Floor Area <i>sq. m.</i>	Residential	48,460	Office/Commercial	93,406	Hotel	17,713	Sub-total	159,579	School	51,056	Total	<u>210,635</u>	The property is currently a clear and vacant site.	<p>RMB1,300,000,000</p> <p>(99% interest attributable to the Group: RMB1,287,000,000)</p> <p>(please refer to Notes 4 and 5 below)</p>
Use	Gross Floor Area <i>sq. m.</i>																
Residential	48,460																
Office/Commercial	93,406																
Hotel	17,713																
Sub-total	159,579																
School	51,056																
Total	<u>210,635</u>																

Notes:

- Pursuant to the Confirmation Agreement dated 5 March 2010, the grantees of the property were Top Victory Development Limited (泰隆發展有限公司) and Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd. (上海楊浦知識創新區投資發展有限公司) (collectively referred to as the "Grantee") and they are confirmed as the successful bidders for a parcel of land situated at Yang Pu District Wu Jiao Chang Jie Dao 311 Jie Fang with Land Notice No. 200910904. The salient conditions as stipulated in the aforesaid confirmation are, inter alia, cited as follows:
 - Consideration : RMB1,263,810,000
 - The Grantee should sign the land grant contract before 15 March 2010.
- Pursuant to the Document for Grant of Shanghai State-owned Construction Land Use Right issued by the Shanghai Real Estate Transaction Centre (the grantor) dated 31 December 2009, a parcel of land was listed for sale. The salient conditions as stipulated in the aforesaid document are, inter alia, cited as follows:
 - Location : Yang Pu District 10010 Jie Dao 0311, 0998 Jie Fang (south of Zheng Li Road and west of Song Hu Road)
 - Site Area : 102,880.9 sq. m. (net site area : 78,150.5 sq. m., other area : 24,730.4 sq. m.)

- | | | | |
|-------|--|---|---|
| (iii) | Land Use | : | Composite (commercial, office and residential) |
| (iv) | Plot Ratio | : | < 2.7 (based on net site area) |
| (v) | Site Coverage | : | < 60% (based on net site area) |
| (vi) | Land Use Term | : | 40 years for commercial, 50 years for office and 70 years for residential |
| (vii) | Responsibilities for successful bidder | : | <ul style="list-style-type: none"> — The construction cost for new road should be RMB1,200 to RMB1,500 per sq. m.. — Portion of the land with a site area of 17,085.8 sq. m. should be used for education and ancillary use. The construction cost should not be less than RMB15,000 per sq. m. and the education institute should be handed over to the government without compensation. — Residential portion of the land with a total gross floor area of 6,930 sq. m. should be handed over to the government for community ancillary facilities without compensation. — A gross floor area of 3,000 sq. m. of the land should be used for public facilities. The government would resume the aforesaid portion for public facilities and reimburse the Grantee for their development costs. — Office portion of the land should be positioned as Grade A office, commercial portion of the land should be positioned as ancillary to the Grade A office and hotel portion of the land should be positioned as high grade hotel. |
3. As advised by the Group, the Grantee needs to form a project company to develop the property. The formation of the project company requires a series of procedures and the relevant authority has approved a request by the Grantee to postpone the signing of the land grant contract in order to complete the requisite procedures.
 4. With regard to the requirements for the development of the property as stipulated in the Document for Grant of Shanghai State-owned Construction Land Use Right mentioned in Note 2(vii) above, we have taken into consideration the cost implication and its effect on the gross development value of the property in the course of our valuation. Taking into consideration of the costs mentioned in Note 2(vii) to be borne by the Grantee, the market valuation of the vacant site is RMB1,300,000,000.
 5. For the purpose of this valuation, we have assumed that the Group has acquired a proper title to the property and all outstanding land premium and associated payments have been settled in full.
 6. We have been provided with the opinion of the Company's PRC legal adviser, which contains, inter alia, the following information:
 - (i) The Grantee is eligible bidder for the property and has successfully bid the property;
 - (ii) The Grantee is required to form a local project company, sign the land grant contract, pay the land grant fee and apply for the building ownership certificate;
 - (iii) The Grantee needs to form a local project company to sign the land grant contract. As Top Victory Development Limited is a foreign company, the formation of the local project company by the Grantee requires a series of procedures. The formation of the local project company is still in process and therefore the land grant contract has not been signed on 15 March 2010 which is stipulated in the Confirmation Agreement as mentioned in Note 1;
 - (iv) Upon signing of the land grant contract and full settlement of the land grant fee, there is no legal obstacle for the local project company to obtain the land use right of the property; and
 - (v) Upon obtaining the land use right of the property, the local project company can use, mortgage, transfer and lease the land use right of the property.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

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

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

(a) *The Company*

(i) *Long position in the Shares*

Name of Director	Nature of interests	Total number of ordinary shares	Approximate percentage of interests in the Company
Mr. Lo	Other and Family	2,514,375,245 (<i>Note 1</i>) 1,265,000 (<i>Note 2</i>)	50.08%
Mr. Louis H. W. WONG	Personal	1,982,200	0.039%
Dr. William K. L. FUNG	Personal	4,070,000	0.081%
Professor Gary C. BIDDLE	Personal	220,000	0.004%

Notes:

- (1) These Shares are directly held by the subsidiaries of Shui On Company Limited ("SOCL"), namely Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited. SOCL is owned by the Bosrich Unit Trust, the trustee of which is Bosrich Holdings (PTC) Inc.. The units of the Bosrich Unit Trust are the property of a discretionary trust, of which Mr. Lo is a discretionary beneficiary and HSBC International Trustee Limited is the trustee. Accordingly, Mr. Lo, Bosrich Holdings (PTC) Inc. and HSBC International Trustee Limited are deemed to be interested in such shares under the SFO. Mr. Lo is also deemed to be interested in the Shares held by New Rainbow Investments Limited, a wholly-owned subsidiary of Shui On Construction and Materials Limited.
- (2) These Shares are beneficially owned by Ms. Loletta CHU, the spouse of Mr. Lo. Mr. Lo is deemed to be interested in such shares under the SFO.

(ii) *Long position in the underlying Shares*

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

Name of Director	Date of grant	Subscription price per Share HK\$	Exercise period	Number of share options at the Latest Practicable Date
Mr. Louis H. W. WONG	20/06/2007	7.00	20/06/2009 to 19/06/2016	5,510,203
The Honourable LEUNG Chun Ying	20/06/2007	7.00	20/06/2007 to 19/06/2012	500,000
Sir John R. H. BOND	20/06/2007	7.00	20/06/2007 to 19/06/2012	500,000
Dr. Edgar W. K. CHENG	20/06/2007	7.00	20/06/2007 to 19/06/2012	500,000
Professor Gary C. BIDDLE	20/06/2007	7.00	20/06/2007 to 19/06/2012	500,000
Dr. Roger L. McCARTHY	20/06/2007	7.00	20/06/2007 to 19/06/2012	500,000
Mr. David J. SHAW	20/06/2007	7.00	20/06/2007 to 19/06/2012	500,000

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

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

Name of Director	Nature of interests	Total number of ordinary shares	Approximate percentage of interests in SOCAM
Mr. Lo	Other and Family	181,981,000 (<i>Note 1</i>) 312,000 (<i>Note 2</i>)	37.34%
Dr. William K. L. FUNG	Personal	682,000	0.13%

Notes:

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

(ii) *Short position in the shares of SOCAM*

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

Note:

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

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

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

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

(B) Interests of Substantial Shareholders

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

Name of Shareholder	Capacity/ Nature of interest	Total number of ordinary shares	Approximate percentage of shareholding
Ms. Loletta CHU	Family and Personal	2,515,640,245 (<i>Note 1</i>)	50.08%
HSBC International Trustee Limited	Trustee	2,514,375,245 (<i>Note 2</i>)	50.06%
Bosrich Holdings (PTC) Inc.	Trustee	2,514,375,245 (<i>Note 2</i>)	50.06%
SOCL	Interest of Controlled Corporation	2,514,375,245 (<i>Note 2</i>)	50.06%
SOCAM	Interest of Controlled Corporation	435,678,793 (<i>Note 3</i>)	8.67%

Notes:

- (1) The 2,515,640,245 Shares are comprised of 1,265,000 Shares beneficially held by Ms. Loletta CHU and 2,514,375,245 Shares in which Mr. Lo, the spouse of Ms. Loletta CHU, has a deemed interest under the SFO mentioned in note (2) below. Accordingly, Ms. Loletta CHU is also deemed to be interested in 2,514,375,245 Shares under the SFO.
- (2) These Shares are beneficially owned by SOCL through its subsidiaries, comprising 1,034,000,000 Shares, 1,044,696,452 Shares and 435,678,793 Shares held by Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited respectively. SOCL is owned by the Bosrich Unit Trust, the trustee of which is Bosrich Holdings (PTC) Inc. The units of the Bosrich Unit Trust are the property of a discretionary trust, of which Mr. Lo is a discretionary beneficiary and HSBC International Trustee Limited is the trustee. Accordingly, Mr. Lo, HSBC International Trustee Limited and Bosrich Holdings (PTC) Inc. are deemed to be interested in such Shares under the SFO.
- (3) These Shares are beneficially owned by New Rainbow Investments Limited, a wholly-owned subsidiary of SOCAM. Accordingly, SOCAM is deemed to be interested in such Shares under the SFO.
- (4) All the interests stated above represent long positions.

(C) Interests in other members of the Group

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

Name of owner of shares or equity interest	Name of non-wholly owned subsidiary of the Company	Approximate percentage of shareholding
Elegant Partners Limited	Foresight Profits Limited and its subsidiaries	25%
Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd.	Shanghai Yang Pu Centre Development Company Limited	13.20%
Wuhan Tiandi Development Company Limited	Fieldcity Investments Limited and its subsidiaries	25%
Main Zone Group Limited	Richcoast Group Limited and its subsidiaries	28.20%
Many Gain International Limited	Richcoast Group Limited and its subsidiaries	10.26%
Chongqing City Center Development Company Limited	Score High Limited and its subsidiaries	19.80%
Golden Swan Holdings Limited	Rightchina Limited and its subsidiaries	25%
Taipingqiao 116 Development Company Limited	Portspin Limited and its subsidiaries	49%
上海楊浦大學城置業發展有限公司	Shanghai Synergis Shui On Yang Pu Property Management Company Limited	10%

3. SERVICE CONTRACTS

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

4. LITIGATION

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

5. COMPETING INTERESTS

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

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

6. EXPERT AND CONSENT

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

Name	Qualification
Access Capital	A licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO.
Knight Frank Petty Limited	Property Valuer

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

7. EXPERT'S INTEREST IN ASSETS

At the Latest Practicable Date, Access Capital and Knight Frank Petty Limited:

- (a) did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (b) were not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2008, being the date to which the latest published audited financial statements of the Company were made up.

8. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2008, the date to which the latest published audited consolidated financial statements of the Company have been made up.

9. GENERAL

- (a) The company secretary of the Company is Mr. UY Kim Lun, a qualified lawyer in Hong Kong.
- (b) The principal share registrar and transfer office of the Company is Butterfield Fulcrum Group (Cayman) Limited, Butterfield House, 68 Fort Street, P.O. Box 609, Grand Cayman KY1-1107, Cayman Islands.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (d) The registered office of the Company is Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9005, Cayman Islands.
- (e) The place of business of the Company in Hong Kong is 34th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong.
- (f) The English version of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the place of business of the Company in Hong Kong at 34th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong during normal business hours on any business day other than public holidays, from the date of this circular up to and including 30 April 2010:

- (a) the Confirmation Agreement;
- (b) the Cooperation Agreement;
- (c) the “Letter from the Independent Board Committee” as set out in this circular;
- (d) the “Letter of Advice from the Independent Financial Adviser” as set out in this circular;
- (e) the valuation report dated 12 April 2010 prepared by Knight Frank Petty Limited as set out in Appendix I; and
- (f) the letters of consent from each of Access Capital and Knight Frank Petty Limited referred to in paragraph 6 of this Appendix II.