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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)

CONTINUING CONNECTED TRANSACTIONS

**THE SECOND SUPPLEMENTAL AGREEMENT IN RELATION TO
THE FRAMEWORK CONSTRUCTION AGREEMENT
FOR THE DALIAN 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 12 to 13 of this circular.

A letter from Platinum, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 14 to 22 of this circular.

* *for identification purposes only*

25 October 2010

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DEFINITIONS

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

“Ambow Project”	a development project jointly cooperated with Ambow Education Holding Limited, a US based leading provider in the educational and career enhancement services in the PRC, to build a facility which is located at HNC North with an area for Phase 1 of approximately 73,112 square metres and an estimated developable GFA of approximately 114,254 square metres, the purpose of which is to provide a training base for talents from software outsourcing industry, to optimize the human resources of enterprises and to formulate strategies to stimulate the development of the Dalian Project;
“Annual Cap(s)”	the maximum annual Fees payable by the Richcoast Group to the Yida Group for the Continuing Connected Transactions;
“associate(s)”, “connected person(s)”, “subsidiary”, “substantial shareholder(s)”	each has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands, whose Shares are listed on the Stock Exchange;
“Construction Services”	the services provided and to be provided by the Yida Group to the Richcoast Group under the Framework Construction Agreement as supplemented by the Second Supplemental Agreement, including but not limited to the excavation and/or filing, clearance of the construction site, removal of the construction garbage, setting up drainage system and construction of the main structures of the Land;
“Continuing Connected Transactions”	the continuing connected transactions entered into or to be entered into between the Richcoast Group and the Yida Group in relation to the Construction Services;
“Dalian Project”	the Dalian Tiandi property development project, a joint venture project between the Group, Shui On Construction and Materials Limited and the Yida Group for the development and operation of Dalian Tiandi in Dalian, the PRC;
“Directors”	the directors of the Company;

DEFINITIONS

“Existing Annual Caps”	the Annual Caps in respect of the Construction Services provided and to be provided by the Yida Group for the two years ending 31 December 2011 as disclosed in the announcement of the Company dated 17 July 2009;
“Fees”	the fees paid and payable by the Richcoast Group to the Yida Group in respect of the Construction Services;
“First Supplemental Agreement”	the supplemental agreement dated 17 July 2009 entered into between Richcoast and Yida for the purpose of extending the term of the original framework construction agreement dated 7 August 2008 to 31 December 2011;
“Framework Construction Agreement”	the framework construction agreement dated 7 August 2008 (as amended by the First Supplemental Agreement) entered into between Richcoast and Yida with a term ending on 31 December 2011;
“GFA”	gross floor area;
“Group”	the Company and its subsidiaries;
“HKW”	Hekou Bay plate of the Dalian Project, a social centre of approximately 662,100 square metres with an estimated developable GFA of approximately 1,187,400 square metres which is located in Hekou Bay of Dalian, the PRC, comprising comprehensive living amenities, Grade A office buildings and five-star hotels;
“HNC”	Huang Ni Chuan plate of the Dalian Project, a community development project of approximately 2,139,800 square metres with an estimated developable GFA of approximately 1,765,400 square metres which is located in Huang Ni Chuan of Dalian, the PRC, comprising commercial buildings, industry centre and residential properties;
“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 Transactions are fair and reasonable;
“Independent Shareholders”	all the Shareholders as no Shareholder is required to abstain from voting in relation to the approval of the Transactions;

DEFINITIONS

“Land”	the 23 plots of land of the Dalian Project with a total area of approximately 6,790,500 square metres;
“Latest Practicable Date”	21 October 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;
“Low Carbon Park”	a park to be opened to the public and located at Lot D27 in HNC North for the promotion of sustainable development and the “Save the Earth” theme;
“Mr. Lo”	Mr. Vincent H. S. LO;
“Platinum” or “Independent Financial Adviser”	Platinum Securities Company Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions;
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, Macao Special Administrative Region and Taiwan area;
“Revision of Annual Caps”	the revision and the setting of new Annual Caps for the Continuing Connected Transactions for the three years ending 31 December 2012;
“Richcoast”	Richcoast Group Limited, a company incorporated in the British Virgin Islands and held as to 61.54% by the Group, 10.26% by the Yida Group and 28.2% by Main Zone Group Limited (a wholly-owned subsidiary of Shui On Construction and Materials Limited) at the Latest Practicable Date;
“Richcoast Group”	Richcoast and its subsidiaries;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Supplemental Agreement”	the second supplemental agreement dated 26 August 2010 entered into between Richcoast and Yida for the purpose of extending the term of the Framework Construction Agreement to 31 December 2012;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

DEFINITIONS

“Shares”	ordinary shares of nominal value of US\$0.0025 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transactions”	include the entering into of the Second Supplemental Agreement and the Continuing Connected Transactions (together with the Revision of Annual Caps);
“Yida”	Yida Group Company Limited, a limited liability company incorporated in the PRC;
“Yida Group”	Yida and its subsidiaries; and
“%”	percent.

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. Louis H. W. WONG
Mr. Daniel Y. K. WAN
Mr. Freddy C. K. LEE

Non-executive Director:

The Honourable LEUNG Chun Ying

Independent Non-executive Directors:

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

Registered Office:

Walker House
87 Mary Street
George Town
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Cayman Islands

Place of Business in Hong Kong:

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

25 October 2010

To the Shareholders,

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS
THE SECOND SUPPLEMENTAL AGREEMENT IN RELATION TO
THE FRAMEWORK CONSTRUCTION AGREEMENT
FOR THE DALIAN PROJECT

INTRODUCTION

Reference is made to the announcement of the Company dated 26 August 2010 in respect of the Transactions. Under the Framework Construction Agreement, the Richcoast Group may enter into contracts with the Yida Group to perform site formation and construction works on the Land from time to time for a term expiring no later than 31 December 2011.

* *for identification purposes only*

LETTER FROM THE BOARD

On 26 August 2010, the Board announced that Richcoast and Yida entered into the Second Supplemental Agreement to extend the term of the Framework Construction Agreement, so that the term shall end on 31 December 2012 instead of 31 December 2011.

In relation to the total annual amount paid and/or payable by the Richcoast Group to the Yida Group for the Construction Services, the Existing Annual Caps are considered to be no longer sufficient. Accordingly, the Company seeks to revise the Existing Annual Caps and to set the new Annual Cap for the year ending 31 December 2012.

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

The purpose of this circular is to provide you with further information regarding the Transactions and to set out the opinion of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions.

ANNUAL CAPS

In relation to the total annual amount paid and/or payable by the Richcoast Group to the Yida Group for the Construction Services, the Existing Annual Caps are considered to be no longer sufficient. Accordingly, the Company seeks to revise the Existing Annual Caps and to set the new Annual Cap for the year ending 31 December 2012 as follows:

	During the financial year ending 31 December		
	2010	2011	2012
	RMB	RMB	RMB
The Existing Annual Caps	250,000,000	250,000,000	N/A
The revised/new Annual Caps	1,000,000,000	1,000,000,000	1,000,000,000

In determining the revised and the new Annual Caps, the Directors have taken into account of (i) the estimated construction costs which the Richcoast Group will incur in the three years ending 31 December 2012 as a result of the acceleration and changes in the development plan of the Dalian Project; (ii) the quality, capability and the scope of the services that can be provided by the Yida Group as compared with other contractors of similar rank; and (iii) the provision of a reasonable buffer of approximately 9% to 16% to account for any potential design changes in the development plan and for contingency.

The total amount paid and/or payable by the Richcoast Group to the Yida Group for the Construction Services in respect of the six months ended 30 June 2010 is approximately RMB133,000,000. The Richcoast Group anticipates that, if the Yida Group is the successful tenderer, more Construction Services would be demanded from the Yida Group and that the total annual amount payable by the Richcoast Group under the Framework Construction Agreement will exceed the Existing Annual Caps. The reasons for the Revision of Annual Caps are set out in the section headed "Reasons for entering into the Second Supplemental Agreement and Revision of Annual Caps" below.

LETTER FROM THE BOARD

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

At the Latest Practicable Date, the Company, through its wholly-owned subsidiaries, indirectly holds a 61.54% equity interest in Richcoast. As such, Richcoast is a subsidiary of the Company for the purposes of the Listing Rules. The Richcoast Group is principally engaged in property development and holds a 78% interest in the Dalian Project and hence, the Company has an effective interest of 48% in the Dalian Project. The Dalian Project is a large scale integrated development with GFA of approximately 3.3 million square metres which includes a software hub, commercial, residential and retail properties, educational, outdoor recreation and environmental facilities, as well as public amenities. This project is designed to serve Dalian's information technology outsourcing and business process outsourcing industries.

It is the corporate business strategy to expedite the development progress of the Dalian Project and to focus and accelerate the development of the product mix that is currently preferred in the market. The significant increase in the revised Annual Caps for the two years ending 31 December 2010 and 31 December 2011 is due to (i) the acceleration of construction volume under the current development plan; and (ii) the changes in the development plan of the Dalian Project, both of which were not expected at the time of projection of the Existing Annual Caps.

Acceleration of construction volume under the current development plan of the Dalian Project

Under the current development plan, the construction volume of the following aspects of the Dalian Project has been accelerated:

1. The building of the residential properties and infrastructure works in HNC and HKW were accelerated to cope with the latest sales and marketing plan of the Dalian Project:
 - (i) Lot E06 of HNC North — the estimated annual Fees for the two years ending 31 December 2010 and 31 December 2011 will exceed the original estimate by approximately RMB153 million and RMB249 million respectively.
 - (ii) The residential properties development and infrastructure works in HKW Site A — the estimated annual Fees for the two years ending 31 December 2010 and 31 December 2011 will exceed the original estimate by approximately RMB26 million and RMB306 million respectively.
 - (iii) Lot W3-B luxury house of HNC site — no projection was made for this development under the Existing Annual Caps. The estimated annual Fees for the two years ending 31 December 2010 and 31 December 2011 are approximately RMB4 million and RMB382 million respectively.
 - (iv) The estimated annual Fees for the acceleration in the development plan of the residential properties and infrastructure works for the year ending 31 December 2012 is approximately RMB752 million. This includes the estimated Fees of approximately RMB254 million payable by the Richcoast Group to the Yida Group in year 2012 in respect of Lot E02 medium rise apartment of HNC site.

LETTER FROM THE BOARD

2. The building of club house in Lot E29 of HNC North to house the temporary sales office — the total estimated Fees for the two years ending 31 December 2011 is approximately RMB30 million.
3. The accelerated development plan of the Ambow Project, the first phase of this project is expected to be completed in September 2010 and the remaining portions by December 2010. The estimated annual Fees for such purpose are approximately RMB287 million, RMB50 million and RMB42 million for the three years ending 31 December 2010, 31 December 2011 and 31 December 2012 respectively.
4. The preparatory work in various other parts of the Dalian Project including excavation work, landscape work, retaining wall work, external work and foundation work in order to prepare these various other parts of the Dalian Project for the next stage of construction. The total estimated Fees for such work for the three years ending 31 December 2012 is approximately RMB230 million.

Changes in the development plan of the Dalian Project

Apart from the acceleration of the construction volume, there have been changes in the development plan of the Dalian Project:

1. No projection was made for the construction of the Low Carbon Park under the Existing Annual Caps. This project was initiated in late 2009 for the purpose of promoting sustainable development, and this is in line with the latest PRC government policy in promoting sustainable development in the PRC. It is expected that the Richcoast Group will incur Fees on this development for the two years ending 31 December 2010 and 31 December 2011 with an aggregate amount of approximately RMB25 million.
2. The costs of site formation for HNC Site C (Phase 4) in year 2010 increased to approximately RMB70 million due to design changes in the layout of the development. The additional costs for the changes in the development plan exceeded the original estimate by approximately RMB30 million.

The Dalian Project is rapidly taking shape as an eco-friendly, cosmopolitan living and working environment comprising distinct but interconnected zones catered for high-end knowledge industry clients. At the Latest Practicable Date, two office blocks with total GFA of 41,600 square metres were completed and handed over to tenants in the second quarter of 2010. Infrastructure, including landscaping in the public areas of HNC North, is about 70% completed. Other projects that are at different stages of construction include the engineers' apartment, IT Tiandi, three software office buildings, club house and residential premises with total GFA of approximately 435,000 square metres. Most of these projects will be substantially completed by the end of year 2010. Whilst in HKW, site formation work and reclaimed land preloading were completed in late 2009 and construction for the first land parcel of Lot C01 in HKW, a residential development of approximately 20,000 square metres, had commenced in July 2010.

LETTER FROM THE BOARD

In view of the accelerated development plan of the Dalian Project as mentioned above, more site formation and construction works are expected to take place in the coming years. Taking into consideration that the estimated total annual contract amount payable by the Richcoast Group to the Yida Group for the Construction Services which have been awarded to the Yida Group or are in discussion between the Richcoast Group and the Yida Group will exceed the Existing Annual Caps, the Company considered that it is necessary to enter into of the Second Supplemental Agreement, revise the Existing Annual Caps and to set the new Annual Cap for the year ending 31 December 2012. The Directors consider that the entering into of the Second Supplemental Agreement will allow the Group to accelerate the development schedule and potentially enjoy the resulting economic benefits, which is in line with the commercial objectives of the Group.

The Yida Group was engaged by the Richcoast Group since 2008 to perform site formation works for certain plots of area of the Land. The Directors are of the view that, considering the strength and experience of the Yida Group in handling large-scale development projects in Dalian and the Group's smooth and close working experience with the Yida Group in the past, Yida is one of the few competent contractors which has adequate capacity and strong local experience to cope with the Group's expedited development in the Dalian Project. In addition, the Group is satisfied with the Yida Group's high quality services.

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

IMPLICATIONS UNDER THE LISTING RULES

As Yida (through its wholly-owned subsidiary) is a substantial shareholder of Richcoast, a subsidiary of the Company for the purposes of the Listing Rules, Yida is a connected person of the Company. Therefore, the transactions contemplated under the Framework Construction Agreement as supplemented by the Second Supplemental Agreement constitute continuing connected transactions of the Company. Since the applicable percentage ratios (other than the profits ratio) under Chapter 14A of the Listing Rules in respect of the Continuing Connected Transactions exceed 5%, the Continuing Connected Transactions (together with the Revision of Annual Caps) are subject to the reporting, announcement, Independent Shareholders' approval and the annual review requirements under the Listing Rules.

None of the Directors has a material interest in the Transactions and was not required to abstain from voting on the relevant board resolutions approving the Transactions.

INFORMATION REGARDING THE GROUP AND THE YIDA GROUP

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

LETTER FROM THE BOARD

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

INDEPENDENT SHAREHOLDERS' APPROVAL

Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited, a closely allied group of Shareholders, currently holds 1,389,993,701 Shares, 1,084,268,286 Shares and 135,354,740 Shares respectively. Together, they hold approximately 50.63% of the entire issued share capital of the Company at the Latest Practicable Date^(Note). Since none of the Shareholders is required to abstain from voting on the Transactions, 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 Transactions in lieu of an approval from the Independent Shareholders at a Shareholders' meeting pursuant to Rule 14A.43 of the Listing Rules.

An application has been made by the Company to the Stock Exchange for, and the Stock Exchange has granted to the Company on 30 August 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 Transactions have been approved by a written approval of a closely allied group of Shareholders.

An Independent Board Committee has been established to advise the Independent Shareholders, and Platinum has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Transactions.

RECOMMENDATION

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

Note:

Each of Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited has elected scrip shares in respect of the Company's interim dividend for the six months ended 30 June 2010. The aggregate interests of Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited will be changed as a result of the allotment of scrip shares on 8 November 2010, further details of which are set out in the section "Interests of Substantial Shareholders" on page 25 of this circular.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 12 to 13 of this circular, and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions set out on pages 14 to 22 of 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)

25 October 2010

To the Independent Shareholder(s)

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

**THE SECOND SUPPLEMENTAL AGREEMENT IN RELATION TO
THE FRAMEWORK CONSTRUCTION AGREEMENT
FOR THE DALIAN PROJECT**

We refer to the circular (the “Circular”) dated 25 October 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 Transactions were entered into in the ordinary and usual course of business of the Company and the terms of the Transactions were agreed on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Platinum has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 11 of the Circular and the text of a letter of advice from Platinum, as set out on pages 14 to 22 of the Circular, both of which provide details of the Transactions.

* *for identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the Transactions, the advice of Platinum and the relevant information contained in the letter from the Board, we are of the opinion that the Transactions were entered into in the ordinary and usual course of business of the Company, the terms of the Transactions were agreed on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and that the entering into of the Transactions are in the best interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the Transactions if a physical Shareholders' meeting were 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

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



PLATINUM Securities Company Limited

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4 Des Voeux Road Central
Hong Kong

Telephone (852) 2841 7000
Facsimile (852) 2522 2700
Website www.platinum-asia.com

25 October 2010

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

THE SECOND SUPPLEMENTAL AGREEMENT IN RELATION TO THE FRAMEWORK CONSTRUCTION AGREEMENT FOR THE DALIAN PROJECT

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Transactions. Details of the Transactions are contained in the letter from the Board as set out in the circular of the Company dated 25 October 2010 (the “Circular”). Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

In our capacity as the independent financial adviser, our role is to advise the Independent Board Committee and the Independent Shareholders as to whether the Transactions are on normal commercial terms, were entered into in the Company’s ordinary and usual course of business, fair and reasonable, and in the interests of the Company and the Shareholders as a whole; and as to whether the Annual Caps are fair and reasonable.

In formulating our opinion, we have relied on the information and facts supplied to us by the Directors and/or management of the Company. We have reviewed, among other things: announcements of the Company dated 13 May 2008, 7 August 2008 and 17 July 2009; information relating to the Dalian Project; and annual report of the Group for the financial year ended 31 December 2009 (the “2009 Annual Report”).

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

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

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

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

Under the Transactions, Richcoast (an indirect non-wholly owned subsidiary of the Company) may engage Yida (a connected person of the Company as defined under the Listing Rules) as its contractor to provide the Construction Services for the Dalian Project, a property development project in which Richcoast has a 78% interest. Since 2008, Richcoast has been engaging Yida to provide the Construction Services for the Dalian Project and pursuant to the independent Shareholders' approval given on 26 August 2009, Richcoast may engage Yida in accordance with the Framework Construction Agreement (as supplemented by the First Supplemental Agreement) for the two years ending 31 December 2011, subject to the Existing Annual Caps of RMB250 million per year. However, the Company now wishes to accelerate the construction of the Dalian Project and make revisions to its development plan, as a result of which a substantial part of the total construction costs which Richcoast is expected to incur during the development phase of the entire Dalian Project would now be incurred over the next few years, which is much sooner than originally anticipated when the Existing Annual Caps were projected.

In order to opine on the Transactions, we have obtained information from the management of the Company to understand the development plan of the Dalian Project, and we have investigated such information during our site visit to the Dalian Project. Based on our findings, we set out below details of how the Dalian Project will be accelerated and changed, as well as the corresponding estimated construction costs.

Acceleration in the development plan

Rather than developing the Dalian Project over a decade, the Company has now decided to shorten the development time to a matter of a few years. In particular, construction of the following aspects of the Dalian Project has been accelerated:

1. the Ambow Project;

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

2. the residential properties development and infrastructure works in HKW Site A and Lots E02, E06 and W3-B of the HNC site;
3. the club house in Lot E29 of HNC North to house the temporary sales office; and
4. preparatory work in various other parts of the Dalian Project including excavation work, landscape work, retaining wall work, external work and foundation work etc. in order to prepare these various other parts of the Dalian Project for the next stage of construction.

Changes in the development plan

Apart from being accelerated, there have also been the following changes in the development plan:

1. the addition of the Low Carbon Park which was not originally contemplated in the development plan when the Existing Annual Caps were projected; and
2. design changes in the layout of the development plan which increase the costs of site formation for HNC Site C (Phase 4).

A breakdown of the total construction costs for the three years ending 31 December 2012 is as follows and we note that most of it will be spent on accelerating the construction of the Dalian Project.

	During the financial year ending 31 December		
	2010	2011	2012
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
<u>Acceleration in the development plan</u>			
1. Ambow Project	287	50	42
2. Residential properties development and infrastructure works	335	787	752
3. Club house	29	1	-
4. Preparatory work for various other parts of the Dalian Project	95	15	120
<u>Changes in the development plan</u>			
1. Addition of the Low Carbon Park	24	1	-
2. Design changes in the layout of the development plan	70	-	-
	70	-	-
Total	840	854	914

Source: Company information.

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At the time when the Existing Annual Caps were approved by the Independent Shareholders, the above construction costs were not included or the estimate was smaller as Richcoast was only going to engage Yida to construct a small portion of the Dalian Project within a short period of time. As it was contemplated then that the development of the Dalian Project would be developed over many years, it was not necessary at that time to engage a contractor so soon to develop the remaining parts of the Dalian Project. Therefore, Richcoast would now need to engage a contractor in order to accelerate the Dalian Project. This contractor will be selected through a tender process and Yida will be one of the tenderers given its strong experience in major construction projects in Dalian. Accordingly, the Company would like to seek the Independent Shareholders' approval to increase the Existing Annual Caps from RMB250 million to RMB1 billion per year, and to extend the Framework Construction Agreement (as supplemented by the First Supplemental Agreement) for one year from 31 December 2011 to 31 December 2012, so that the Richcoast Group would be able to enter into contracts with a tenderer, and possibly Yida Group, should Yida Group be selected in the tender process. Details of the revised and the new Annual Caps are as follows:

	During the financial year ending		
	31 December		
	2010	2011	2012
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
The Existing Annual Caps	250	250	N/A
The revised/new Annual Caps	1,000	1,000	1,000

The Independent Board Committee, comprising Professor Gary C. BIDDLE, Dr. Edgar W. K. CHENG and Dr. Roger L. McCARTHY, has been established to advise the Independent Shareholders as to whether the Transactions are on normal commercial terms, were entered into in the Company's ordinary and usual course of business, fair and reasonable, and in the interests of the Company and the Shareholders as a whole; and as to whether the Annual Caps are fair and reasonable.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background of the Transactions

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.

As at the Latest Practicable Date, the Company, through its wholly-owned subsidiaries, indirectly holds a 61.54% equity interest in Richcoast. As such, Richcoast is a subsidiary of the Company for the purposes of the Listing Rules. The Richcoast Group is principally engaged in property development and holds a 78% interest in the Dalian Project and hence, the Company has an effective interest of 48% in the Dalian Project. The Dalian Project is a large-scale integrated

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development with GFA of approximately 3.3 million square metres which includes a software hub, commercial, residential and retail properties, educational, outdoor recreation and environmental facilities, as well as public amenities. This project is designed to serve Dalian's information technology outsourcing and business process outsourcing industries.

Based on our discussion with the management of the Company, we understand that in its ordinary and usual course of business, the Richcoast Group will engage contractors from time to time to conduct site formation and construction works on the Dalian Project.

As Yida (through its wholly-owned subsidiary) is a substantial shareholder of Richcoast, a subsidiary of the Company for the purposes of the Listing Rules, Yida is a connected person of the Company. As stated in the letter from the Board in the Circular, other than being a joint venture partner for the Dalian Project, to the best knowledge and belief of the Directors having made all reasonable enquiries, the Yida Group has no other relationship with the Group. As advised by the management of the Company and according to the website of the Yida Group, the Yida Group is one of the major developers in Dalian and it has participated in a number of large-scale integrated development projects in Dalian (including the development of Dalian Software Park Phase 1). Apart from property development, it is also a conglomerate with interests in construction and furnishing, equipment manufacturing, software park development, platform development for software and information services, as well as professional training and education.

2. Reasons for and benefits of the Transactions

Acceleration in the development plan

As mentioned earlier, the development plan of the Dalian Project has been accelerated and most of the increase in the Existing Annual Caps is to cater for such acceleration rather than for major changes in the development plan. Therefore, we have analyzed the rationale for accelerating the Dalian Project.

Firstly, we note that as disclosed in the 2009 Annual Report, in order to ensure that the Group continues to enjoy sustainable growth, the Group has started developing and implementing a Three-Year Plan (2010-2012) last year to maintain a closer balance between value creation for the longer term and cash generation in the short to medium term. As the Group views its prime land bank in the PRC as a major advantage for its development plans going forward, the cornerstone of the Three-Year Plan is to expedite the development completion of its PRC portfolio. Accordingly, a number of the Group's development projects in the PRC have been accelerated, including the Dalian Project.

Secondly, we note that the PRC has been one of the world's fastest growing economies in recent years, with Dalian being one of the cities in the country that have enjoyed the fastest growth. To illustrate, the gross domestic product (the "GDP") growth of Dalian had consistently exceeded the national average in the last few years, as the following table shows.

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National and Dalian GDP growth

	GDP growth	
	Dalian %	The PRC %
Year 2005	14.2	11.3
Year 2006	16.5	12.7
Year 2007	17.5	14.2
Year 2008	16.5	9.6
Year 2009	15.0	9.1
First half of year 2010	16.6	11.1

Sources: National Bureau of Statistics of China and Dalian Municipal Bureau of Statistics.

Thirdly, the PRC Government announced a RMB4 trillion stimulus package in late 2008 in an effort to counter the adverse economic conditions created by the global financial crisis. As part of this stimulus package, the PRC Government embarked on a massive infrastructure spending program. We note that a number of infrastructure projects in the country have been approved by the PRC Government since then, including the construction of a metro network (the “Metro”) as well as an extension of the existing light rail network in Dalian, both of which commenced construction in November 2009. The light rail network extension is expected to be completed in 2011; whilst the Metro is expected to commence operation in 2012. From our site visit, we note that both the light rail and the Metro will provide access to various parts of the Dalian Project. We are of the view that the introduction of these new transportation facilities would increase the attractiveness of the Dalian Project to investors and potential tenants. In this regard, we note that based on our discussion with the management of the Company, we understand that the Company has started pre-leasing parts of the Dalian Project and the market response has been encouraging.

In light of the above, we are of the opinion that it is favorable to the Company to accelerate construction of the Dalian Project and such acceleration also fits into the overall business strategy of the Company. We note that as a result of the acceleration, a substantial part of the overall construction costs for the Dalian Project have been brought forward to the three years ending 31 December 2012 than as originally anticipated under the previous development plan.

Changes in the development plan

As mentioned earlier, apart from the development plan being accelerated, there have also been some changes in the development plan which led to an increase in development costs, including the addition of the Low Carbon Park and some design changes in the layout of the development plan.

Based on our discussion with the management of the Company, we understand that the purpose of the Low Carbon Park is to promote sustainable development, which is one of the main themes of the Dalian Project. From our site visit of the Dalian Project, we note that it advocates various green

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features such as solar light-emitting diode (LED) street lights, solar photovoltaic garden lamps, and a rainwater collection and utilization system, amongst others. We understand from the management of the Company that the main concept of the Low Carbon Park is to restore the indigenous ecology of the Land and in order to achieve this purpose, a whole series of new sustainable technologies have been implemented in the design. Upon completion, the Low Carbon Park will be opened to the public to showcase the low impact development of the Dalian Project, promoting the concept of a healthy and sustainable lifestyle which the Dalian Project advocates. As the Low Carbon Park is situated on a main road, it is expected to attract approximately 5,000 visitors to the Dalian Project per annum. Therefore, we are of the view that the addition of the Low Carbon Park will further strengthen the image of the Dalian Project as a green community and enhance the quality of the environment that the Dalian Project creates, thereby, increasing its attractiveness to investors and potential tenants. As such, we are of the view that it is appropriate to incur additional costs to add the Low Carbon Park to the Dalian Project.

Based on our discussion with the management of the Company, we understand that at the time of projecting the Existing Annual Caps, as the Company had not finalized the location of the sales office and had originally planned to construct the club house at a much later stage in accordance with the development plan, the Existing Annual Caps only cover the cost of fitting out a sales office but not the construction costs of building the club house. However, as the Company has now decided to accelerate the construction of the club house so that it can be used as the temporary sales office, its construction cost has been brought forward to the two years ending 31 December 2011. As such, we are of the view that it is appropriate to include the costs of building the club house to be used as the temporary sales office in the new Annual Caps.

As for the design changes in the layout of the development plan, we believe that it is not unusual for developers to continuously refine their development plans after construction has commenced. As such, we are of the view that it is not unreasonable to incur additional costs as a result of design changes in the layout of the development plan, especially in light of the fact that these additional costs are not substantial relative to the amount of total construction costs.

In addition to analyzing the reasons for and benefits of entering into the Transactions, we have also examined whether there are any advantages to the Company for conducting the Transactions with the Yida Group (a connected person as defined under the Listing Rules) rather than with other independent third parties. As aforementioned, the Yida Group is one of the major developers in Dalian and it has participated in a number of large-scale integrated development projects in Dalian (including the development of Dalian Software Park Phase 1). Based on the website of the Yida Group, we understand that it is highly experienced in conducting site formation and construction works in the PRC, and as advised by the management of the Company, it is particularly familiar with the local ground conditions in Dalian.

Also, we note that the Yida Group has been involved in the construction of the Dalian Project since May 2008, when the Yida Group was engaged by the Richcoast Group to perform site formation works for the Land. Subsequently, as Richcoast anticipated that more construction works in relation to the Dalian Project would be needed as the project advances, it entered into the Framework Construction Agreement with Yida, pursuant to which the Yida Group was engaged by the Richcoast Group to provide construction services on the Land. Please refer to the announcements of the

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Company dated 13 May 2008, 7 August 2008 and 17 July 2009 for details of the original framework construction agreement dated 7 August 2008 and the First Supplemental Agreement between the parties. We understand from the management of the Company that the Yida Group has been able to consistently deliver high quality services according to schedule and therefore, the Group is satisfied with its services. As the Yida Group has worked with the Richcoast Group for more than 2 years, it also fully understands the requirements set by the design architects for the Dalian Project, which gives it an advantage over other contractors. Given the experience and expertise of the Yida Group as well as its satisfactory past performance in relation to the Dalian Project, we believe that it is in the interest of the Company to conduct the Transactions with the Yida Group.

In light of the above, we are of the opinion that the Transactions were entered into in the Company's ordinary and usual course of business, in line with the strategy of the Company, and in the interests of the Company and the Shareholders as a whole.

3. Basis of the Annual Caps

Based on our discussion with the management of the Company, we understand that the revised and the new Annual Caps have been determined by reference to (i) the estimated construction costs which the Richcoast Group will incur in the three years ending 31 December 2012 based on how the Dalian Project will be accelerated and revised; (ii) the quality, capability and the scope of the services that can be provided by the Yida Group as compared with other contractors of a similar rank; and (iii) a buffer for contingency. The estimated construction costs were provided by a quantity surveying consultant (the "QS Consultant"), which is independent and which we believe, has the appropriate professional qualification to provide construction cost estimates. We also note that the QS Consultant has estimated the construction costs based on what the current market construction costs are, after taking into account the standard terms and conditions which Richcoast uses for all of its contracts with its main contractors.

Furthermore, we understand that the Richcoast Group will select a contractor to provide the construction services which are the subject of the Transactions through a tender process. Therefore, although the revised and the new Annual Caps have been determined based on construction cost estimates provided by the QS Consultant, the contracted amount which the Richcoast Group would ultimately pay to the Yida Group, should the Yida Group be selected as the winning contractor, would be determined through a tender process. We believe this would ensure that the Richcoast Group will be paying a fair market price for the construction services and that there will be a proper process through which the Richcoast Group selects its contractor. However, as the tender for the construction services to which the Transactions relate has not taken place yet, we are unable to examine the tender documents in relation thereof. Therefore, we have discussed the tender process with the management of the Company and we have also examined previous tender documents in relation to the construction of the Dalian Project to verify that there is a genuine tender process for the Dalian Project in general.

Based on our findings, we understand that qualified contractors will be invited to submit tenders and the Richcoast Group will engage an independent QS Consultant to assist in the tender process and the contract awarding assessment process. The winning bidder will be selected based on a number of factors, including the advice of the QS Consultant, the bidder's quality and capability to satisfy contract requirements, its management strength, track record, as well as the submitted bid prices. From

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our review of the previous tender documents in relation to the construction of the Dalian Project, we note that the Richcoast Group had considered the various factors as discussed above and that the bid terms submitted by the Yida Group were competitive as compared to those submitted by other independent third party contractors.

Based on information provided by the management of the Company, we note that the revised and the new Annual Caps have also incorporated a buffer of approximately 9% to 16% to account for any potential design amendment. We understand from the management of the Company that the Company usually has a contingency of approximately 5% to 10%. As this is a second revision of the Annual Caps, which had been revised once in 2009, we are of the view that a slightly bigger buffer for contingency than usual in this instance is appropriate.

Given that:

1. the revised and the new Annual Caps have been determined by reference to the estimated construction costs after taking into account the acceleration and changes in the development plan;
2. the construction costs were estimated by an independent professional, namely, the QS Consultant, based on the current market price;
3. there is a reasonable buffer in the Annual Caps to allow for contingency;
4. the Richcoast Group will select a contractor to provide the construction services to which the Transactions relate through a tender process; and
5. the contracted amounts which the Richcoast Group would ultimately pay to the Yida Group, should the Yida Group be selected as the winning contractor, would be determined through a tender process,

we are of the view that the Annual Caps are fair and reasonable.

RECOMMENDATION

Having considered the above, we are of the view that the Transactions are on normal commercial terms, were entered into in the Company's ordinary and usual course of business, fair and reasonable, and in the interests of the Company and the Shareholders as a whole; and that the Annual Caps are fair and reasonable.

Yours faithfully,

For and on behalf of

Platinum Securities Company Limited

Ian Ramsay

Director and Head of Corporate Finance

Lenny Li

Director of Corporate Finance

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

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

At the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company 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:

Long position in the Shares and the underlying Shares

Name of Directors	Number of Shares			Total	Interests in the underlying Shares (Note 5)	Approximate percentage of interests to the issued share capital of the Company at the Latest Practicable Date (Note 6)
	Personal interests	Family interests	Other interests			
Mr. Vincent H. S. LO	—	1,333,430 (Notes 1 & 3)	2,650,391,985 (Notes 2 & 3)	2,651,725,415	—	51.45%
Mr. Louis H. W. WONG	1,982,200	—	—	1,982,200	5,428,570	0.14%
Mr. Freddy C. K. LEE	286,000	208,500 (Note 4)	—	494,500	5,154,811 (Note 4)	0.11%
Dr. William K. L. FUNG The Honourable LEUNG Chun Ying	4,070,000	—	—	4,070,000	—	0.08%
Sir John R. H. BOND	—	—	—	—	500,000	0.01%
Dr. Edgar W. K. CHENG	—	—	—	—	500,000	0.01%
Professor Gary C. BIDDLE	220,000	—	—	220,000	500,000	0.01%
Dr. Roger L. McCARTHY	—	—	—	—	500,000	0.01%
Mr. David J. SHAW	—	—	—	—	500,000	0.01%

Notes:

- (1) These Shares were beneficially owned by Ms. Loletta CHU (“Mrs. Lo”), the spouse of Mr. Lo. Mr. Lo was deemed to be interested in such Shares under the SFO.
- (2) These Shares were beneficially owned by Shui On Company Limited (“SOCL”) through its controlled corporations, comprising 1,411,712,352 Shares, 1,101,209,977 Shares and 137,469,656 Shares held by Shui On Properties Limited (“SOP”), Shui On Investment Company Limited (“SOI”) and New Rainbow Investments Limited (“NRI”) respectively. SOCL is owned by the Bosrich Unit Trust, the trustee of which is Bosrich Holdings (PTC) Inc. (“Bosrich”). The units of the Bosrich Unit Trust are the property of a discretionary trust, of which Mr. Lo is a discretionary beneficiary and HSBC International Trustee Limited (“HSBC Trustee”) is the trustee. Accordingly, Mr. Lo, Mrs. Lo, Bosrich and HSBC Trustee were deemed to be interested in such Shares under the SFO.
- (3) These Shares included the respective interests of SOP, SOI, NRI and Mrs. Lo (as the case may be) in the scrip shares to be allotted on 8 November 2010 pursuant to the Scrip Dividend Scheme as set out in the Company’s circular dated 8 October 2010.
- (4) Mr. Freddy C. K. LEE was deemed to be interested in 208,500 Shares and 962,938 share options held by his spouse under the SFO.
- (5) These represent the interests of share options granted to the Directors and/or their respective associate(s) under the share option scheme adopted by the Company on 8 June 2007 to subscribe for Shares.
- (6) These percentages have been compiled based on the total number of Shares in issue (i.e. 5,153,834,061 Shares) at the Latest Practicable Date.

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 2009 (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) who, at the Latest Practicable Date, had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholders	Capacity/ Nature of interests	Total number of Shares	Approximate percentage of shareholding to the issued share capital of the Company at the Latest Practicable Date (Note 6)
Ms. Loletta CHU	Family and Personal	2,651,725,415 (L) (Notes 1 & 3)	51.45%
HSBC International Trustee Limited	Trustee	2,650,391,985 (L) (Notes 2 & 3)	51.42%
Bosrich Holdings (PTC) Inc.	Trustee	2,650,391,985 (L) (Notes 2 & 3)	51.42%
Shui On Company Limited	Interests of controlled corporation	2,650,391,985 (L) (Notes 2 & 3)	51.42%
Standard Chartered PLC	Interests of controlled corporation	308,218,560 (L) 311,176,165 (S) (Notes 4 & 5)	5.98% 6.04%

Notes:

- (1) These Shares were comprised of 1,333,430 Shares beneficially held by Mrs. Lo and 2,650,391,985 Shares in which Mr. Lo, the spouse of Mrs. Lo, had a deemed interest under the SFO mentioned in note (2) below. Accordingly, Mrs. Lo was also deemed to be interested in 2,650,391,985 Shares under the SFO.
- (2) These Shares were beneficially owned by SOCL through its controlled corporations, comprising 1,411,712,352 Shares, 1,101,209,977 Shares and 137,469,656 Shares held by SOP, SOI and NRI respectively. SOCL is owned by the Bosrich Unit Trust, the trustee of which is Bosrich. The units of the Bosrich Unit Trust are the property of a discretionary trust, of which Mr. Lo is a discretionary beneficiary and HSBC Trustee is the trustee. Accordingly, Mr. Lo, Mrs. Lo, HSBC Trustee and Bosrich were deemed to be interested in such Shares under the SFO.
- (3) These Shares included the respective interests of SOP, SOI, NRI and Mrs. Lo (as the case may be) in the scrip shares to be allotted on 8 November 2010 pursuant to the Scrip Dividend Scheme as set out in the Company’s circular dated 8 October 2010.
- (4) (L) represents long positions and (S) represents short positions.

- (5) The interests are held by Standard Chartered Bank, which is wholly owned by Standard Chartered Holdings Limited, which is in turn ultimately owned by Standard Chartered PLC. Standard Chartered Bank was in a long position of 308,218,560 Shares and a short position of 311,176,165 Shares (within which the short position consisting of 311,176,165 Shares and long position of 214,758,351 Shares are derived from the interest in equity derivatives).
- (6) These percentages have been compiled based on the total number of Shares in issue (i.e. 5,153,834,061 Shares) at the Latest Practicable Date.

(C) Interests in other members of the Group

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

Name of owner of shares or equity interest	Name of non-wholly owned subsidiary of the Company	Approximate percentage of shareholding
Elegant Partners Limited	Foresight Profits Limited and its subsidiaries	25%
Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd.	Shanghai Yang Pu Centre Development Company Limited	13.20%
Wuhan Tiandi Development Company Limited	Fieldcity Investments Limited and its subsidiaries	25%
Main Zone Group Limited	Richcoast Group Limited and its subsidiaries	28.20%
Many Gain International Limited	Richcoast Group Limited and its subsidiaries	10.26%
Chongqing City Center Development Company Limited	Score High Limited and its subsidiaries	19.80%
Golden Swan Holdings Limited	Rightchina Limited and its subsidiaries	25%
Taipingqiao 116 Development Company Limited	Portspin Limited and its subsidiaries	49%
Shanghai Yangpu University City Real Estate Development Company Limited* 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).

* for identification purposes only

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 Shui On Construction and Materials Limited which is engaged in property development in the PRC.

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

6. EXPERT AND CONSENT

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

Name	Qualification
Platinum	A licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO.

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

7. EXPERT'S INTEREST IN ASSETS

At the Latest Practicable Date, Platinum:

- (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 2009, 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 2009, the date to which the latest published audited consolidated financial statements of the Company have been made up.

9. GENERAL

- (a) The company secretary of the Company is Mr. UY Kim Lun, a qualified lawyer in Hong Kong.
- (b) The principal share registrars and transfer office of the Company is Butterfield Fulcrum Group (Cayman) Limited, Butterfield House, 68 Fort Street, P.O. Box 609, Grand Cayman KY1-1107, Cayman Islands.
- (c) The Hong Kong branch share registrars and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (d) The registered office of the Company is Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9005, Cayman Islands.
- (e) The place of business of the Company in Hong Kong is 34th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong.
- (f) The English version of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the place of business of the Company in Hong Kong at 34th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong during normal business hours on any business day other than public holidays, from the date of this circular up to and including 19 November 2010:

- (a) the framework construction agreement dated 7 August 2008;
- (b) the First Supplemental Agreement;
- (c) the Second Supplemental Agreement;
- (d) the "Letter from the Independent Board Committee" as set out in this circular;
- (e) the "Letter of Advice from the Independent Financial Adviser" as set out in this circular; and
- (f) the letter of consent from Platinum referred to in item 6 of this Appendix I.