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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 TRANSACTION

**DISPOSAL OF PROPERTIES IN THE YANGPU DISTRICT,
SHANGHAI, THE PRC RELATING TO THE KIC PROJECT**

On 7 November 2011, the Seller, a non-wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreements with the Purchaser pursuant to which the Seller agreed to sell and the Purchaser agreed to purchase the Properties for a total cash consideration of RMB599,999,096 (approximately HK\$732,000,000).

As the relevant percentage ratios set out in the Listing Rules in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules. Accordingly, the Disposal is subject to reporting and announcement requirements but exempt from the shareholders' approval requirement under the Listing Rules.

THE SALE AND PURCHASE AGREEMENTS

On 7 November 2011, the Seller, a non-wholly owned subsidiary of the Company, entered into the Sale of Offices and Retail Agreements and the Sale of Car Parks Agreement with the Purchaser pursuant to which the Seller agreed to sell and the Purchaser agreed to purchase the Properties for a total cash consideration of RMB599,999,096 (approximately HK\$732,000,000).

The principal terms and conditions of the Sale and Purchase Agreements are set out below.

The Sale of Offices and Retail Agreements

- Date** : 7 November 2011
- Parties** : (a) the Seller; and
(b) the Purchaser.
- Assets to be disposed of** : The Seller agreed to sell and the Purchaser agreed to purchase the Offices and Retail Portion.
- Total Consideration** : Pursuant to the Sale of Offices and Retail Agreements, the total consideration is RMB559,199,096 (approximately HK\$682,000,000), of which the office units are sold at the total sale price of RMB449,871,288 (approximately HK\$549,000,000) and the retail units are sold at the total sale price of RMB109,327,808 (approximately HK\$133,000,000).

The consideration for the sale of the Offices and Retail Portion shall be payable by the Purchaser to the Seller in three installments:

- (a) 50% of the total consideration shall be payable within 10 days after signing the Sale of Offices and Retail Agreements;
- (b) 40% of the total consideration shall be payable within 10 days after the Seller having informed the Purchaser that the certificate of completion has been obtained; and
- (c) the remaining 10% of the total consideration shall be payable within 10 days after the Seller has issued the notice of occupation to the Purchaser.

- Completion** : Completion shall take place on such date as may be agreed between the Seller and the Purchaser pursuant to the terms of the Sale of Offices and Retail Agreements. It is expected that the completion date shall be on or before 31 December 2011.

The Sale of Car Parks Agreement

Date	:	7 November 2011
Parties	:	(a) the Seller; and (b) the Purchaser.
Assets to be disposed of	:	The Seller agreed to sell and the Purchaser agreed to purchase the Car Parking Space.
Total Consideration	:	<p>Pursuant to the Sale of Car Parks Agreement, the total consideration is RMB40,800,000 (approximately HK\$50,000,000) which shall be payable by the Purchaser to the Seller in three installments:</p> <p>(a) 50% of the total consideration shall be payable within 10 days after signing the Sale of Car Parks Agreement;</p> <p>(b) 40% of the total consideration shall be payable within 10 days after the Seller having informed the Purchaser that the certificate of completion has been obtained; and</p> <p>(c) the remaining 10% of the total consideration shall be payable within 10 days after the Seller has issued the notice of occupation to the Purchaser.</p>
Completion	:	Completion shall take place on such date as may be agreed between the Seller and the Purchaser pursuant to the terms of the Sale of Car Parks Agreement. It is expected that the completion date shall be on or before 31 December 2011.

The aggregate consideration of RMB599,999,096 (approximately HK\$732,000,000) for the Disposal was determined based on arm's length negotiation between the Seller and the Purchaser with reference to the prevailing market sale price of similar properties in the Yangpu District of Shanghai, the PRC.

REASONS FOR THE DISPOSAL AND EXPECTED BENEFITS TO THE COMPANY

It is part of the strategies of the Company's three-year plan to increase asset turnover and shorten the investment payback period through the en-bloc sales of the Group's non-core office and retail premises. The Disposal aligns well with the Group's business model and it is an opportunity for the Group to broaden its earning base and increase its asset churn of commercial properties. The Disposal will create substantial synergies for the KIC Project given that the Purchaser, being a leading commercial bank in the PRC, will use the acquired property as the sales and operation offices for the ICBC Yangpu Branch. Concluding the Disposal with the Purchaser will create additional value for the Group as it is a recognition of the high quality standards of the Group's properties. It also helps to increase the traffic flow in the area and attract quality tenants to other office commercial buildings and retail premises in the KIC Project. The Directors (including the independent non-executive Directors) consider that the terms of the Disposal are on normal commercial terms, are fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

USE OF PROCEEDS

The Group is expected to record an unaudited gain from the Disposal of approximately RMB303 million (approximately HK\$370 million) in aggregate. Such gain from the Disposal is computed based on the total consideration of approximately RMB600 million (approximately HK\$732 million) and the aggregate net book value of the Properties of approximately RMB263 million (approximately HK\$321 million) after deducting business tax of approximately RMB34 million (approximately HK\$41 million).

As a result of the Disposal, the unaudited net gain attributable to the Shareholders is approximately RMB131 million (approximately HK\$160 million), which is calculated based on the gain from the Disposal of approximately RMB303 million (approximately HK\$370 million), minus the selling expenses of approximately RMB12 million (approximately HK\$15 million), PRC enterprise income tax and land appreciation tax of approximately RMB140 million (approximately HK\$171 million) as well as the share of gain to non-controlling interests of approximately RMB20 million (approximately HK\$24 million).

The proceeds from the sale of the office units and the retail units are approximately RMB37,750 per square metre and RMB45,027 per square metre respectively. The proceeds from the sale of the Car Parking Space is approximately RMB6,316 per square metre. The aggregate proceeds from the Disposal, after deducting business tax, is estimated to be approximately RMB566 million (approximately HK\$690 million) and will be utilised as general working capital of the Group and also for further development of the KIC Project.

IMPLICATION OF THE LISTING RULES

As the relevant percentage ratios set out in the Listing Rules in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules. Accordingly, the Disposal is subject to reporting and announcement requirements but exempt from the shareholders' approval requirement under the Listing Rules.

GENERAL INFORMATION

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

The Purchaser is one of the branches of Industrial and Commercial Bank of China Limited, a leading commercial bank in the PRC providing a variety of financial products and services to customers around the globe through its network in the domestic institutions, overseas institutions and the correspondent banks worldwide.

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

DEFINITIONS

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

“Board”	the board of Directors;
“Car Parking Space”	the underground car parking space of the commercial building located at 383 Song Hu Road, Yangpu District, Shanghai, the PRC with an estimated leasable and saleable GFA of approximately 6,460.08 square metres, and with reference to such terms set out in the Sale of Car Parks Agreement;
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange (stock code: 272);
“connected person(s); “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“Director(s)”	the director(s) of the Company;

“Disposal”	the transactions contemplated under the Sale and Purchase Agreements;
“GFA”	gross floor area;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, Hong Kong lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“KIC Project”	the Knowledge and Innovation Community Project which is located in the immediate vicinity of major universities and colleges in the Yangpu District, northeast of downtown Shanghai, and is designed to be a multi-functional community with an estimated total GFA of approximately 471,000 square metres as disclosed in the 2010 annual report of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Offices and Retail Portion”	the aboveground offices and retail units of the commercial building located at 383 Song Hu Road, Yangpu District, Shanghai, the PRC with an estimated leasable and saleable GFA of approximately 11,917.12 square metres for the offices and approximately 2,428.05 square metres for the retail portion, and with reference to such terms set out in the Sale of Offices and Retail Agreements;
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region and Taiwan area;
“Properties”	the Offices and the Retail Portion and the Car Parking Space;
“Purchaser”	中國工商銀行股份有限公司(上海市楊浦支行) (Industrial and Commercial Bank of China Limited (“ICBC”), Shanghai Yangpu Branch*);
“RMB”	Renminbi, the lawful currency of the PRC;

“Sale and Purchase Agreements”	the Sale of Offices and Retail Agreements and the Sale of Car Parks Agreement;
“Sale of Car Parks Agreement”	the agreement dated 7 November 2011 between the Seller and the Purchaser regarding the sale of the Car Parking Space;
“Sale of Offices and Retail Agreement(s)”	the agreement(s) dated 7 November 2011 between the Seller and the Purchaser regarding the sale of the Offices and Retail Portion;
“Seller”	Shanghai Yang Pu Centre Development Company Limited (上海楊浦中央社區發展有限公司), a company established under the laws of the PRC, a 86.8% owned subsidiary of the Company;
“Shareholders”	holders of shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	percent.

Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is translated into HK\$ at the rate of HK\$1.00 = RMB0.82. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates or at all.

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

Hong Kong, 7 November 2011

At the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman), Mr. Freddy C. K. LEE (Chief Executive Officer) and Mr. Daniel Y. K. WAN; the non-executive directors of the Company are The Honourable LEUNG Chun Ying and Mr. Frankie Y. L. WONG; and the independent non-executive directors of the Company are Sir John R. H. BOND, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY and Mr. David J. SHAW.

** For identification purposes only*