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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**

**Disposal of the 49% interests in Value Land to Mitsui  
and future buyback of Mitsui's interests in Value Land**

On 29 November 2011, SODH, a wholly-owned subsidiary of the Company, and Mitsui entered into the Sale and Purchase Agreement, pursuant to which SODH agreed conditionally to sell and Mitsui agreed conditionally to purchase the Sale Interest, being 49% equity interests of the entire issued share capital of Value Land and the related shareholder's loans, in two tranches for a total cash consideration of RMB390,933,760 (approximately HK\$476,749,000). Upon completion of the Disposal, Value Land will be held as to 51% by SODH and 49% by Mitsui.

Pursuant to the Sale and Purchase Agreement, SODH, Mitsui and Value Land will enter into the Shareholders' Agreement at the First Closing to govern their respective rights and obligations in relation to Value Land and its business operation, and the management and control of the Value Land Group.

Value Land holds all the class A shares of Magic Bright, which wholly owns Regal Victory, which in turn owns 92% of Foshan Yong Rui, a company which will hold the land use rights of the Land situated at Foshan Ling Nan Tian Di. Upon acquisition of 49% interests in Value Land, Mitsui will therefore be entitled to 45.08% attributable interests in Foshan Yong Rui.

Upon occurrence of the Buyback Triggering Event, Mitsui will receive its share of the economic interest attributable to the Project through dividend distribution at the levels of Magic Bright and Value Land and the Buyback. As at the date of this announcement, the Company expected that the price for the Buyback payable by SODH to Mitsui shall not exceed RMB730,000,000 (approximately HK\$890,244,000).

Mitsui is a connected person of the Company by virtue of its 30% shareholding interest in Many Praises Limited, which is an indirect non-wholly owned subsidiary of the Company. Accordingly, each of the Disposal and the Buyback constitutes a connected transaction for the Company as defined under the Listing Rules.

The relevant percentage ratios set out in the Listing Rules in respect of the Transactions are more than 5% but less than 25%. Therefore, the Transactions constitute discloseable and connected transactions which are subject to the reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited, which are the controlled corporations of Shui On Company Limited, and which together constitute a closely allied group of Shareholders, hold 1,411,712,352 shares, 1,104,085,477 shares and 137,469,656 shares of the Company respectively. Together, they hold approximately 50.91% of the entire issued share capital of the Company at the date of this announcement. 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 in respect of the Transactions will be obtained and an application has been made by the Company to the Stock Exchange for a waiver from the requirement for the Company to hold a Shareholders' meeting in accordance with Rule 14A.43 of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders, and an independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Transactions.

It is expected that a circular containing, among other things, further details of the Transactions, together with the recommendations of the Independent Board Committee, the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders will be dispatched to the Shareholders on or before 20 December 2011 in accordance with the Listing Rules.

## THE SALE AND PURCHASE AGREEMENT

- Date** : 29 November 2011
- Parties** : (a) SODH as the seller; and  
(b) Mitsui as the purchaser.
- Assets to be sold** : The Sale Interest, which comprises shares of Value Land representing 49% of the issued share capital of Value Land and the related shareholder's loans.
- Consideration** : The total consideration for the disposal of the Sale Interest by SODH to Mitsui is RMB390,933,760 (approximately HK\$476,749,000) which was determined based on arm's length negotiation between the parties with reference to the prevailing market value of comparable land transactions in Foshan City of Guangdong Province of the PRC.

Pursuant to the Sale and Purchase Agreement, the consideration for the Disposal shall be payable by Mitsui to SODH in two instalments:

- (a) RMB351,840,384 (approximately HK\$429,074,000) (representing the aggregate price for the First Tranche Sale Shares and the First Loan) (the "**First Instalment**") shall be paid at the First Closing; and
- (b) RMB39,093,376 (approximately HK\$47,675,000) (representing the aggregate price for the Second Tranche Sale Shares and the Second Loan) shall be paid at the Second Closing.

The consideration to be made by Mitsui to SODH under the Sale and Purchase Agreement shall be paid in HK\$ (or any other foreign currency as agreed between the parties in writing) based on an exchange rate which will be determined eight Business Days prior to the date on which such payment is due.

- Closing and Conditions Precedent** : The Disposal will take place in two tranches:-  
*First Closing:*

The First Closing is conditional on the following conditions being fulfilled (or waived in accordance with the Sale and Purchase Agreement):

- (a) the Shareholders approving the Sale and Purchase Agreement and the transactions contemplated thereunder as may be required by the Listing Rules or a waiver under Rule 14A.43 of the Listing Rules having been obtained;
- (b) SODH having provided Mitsui with all documentary and other evidence reasonably requested by Mitsui showing that the requisite corporate reorganisation of the Value Land Group has been duly completed;
- (c) the land premium of RMB542,128,871.08 (approximately HK\$661,133,000) in respect of the Land having been paid in full by Foshan Yong Rui to the relevant PRC government authority pursuant to the relevant land use right grant contracts, and SODH having provided Mitsui with a certified copy of the receipt issued by the relevant PRC government authority for the payment of such land premium made by Foshan Yong Rui; and
- (d) there having been no material breach of the Sale and Purchase Agreement.

The date of the First Closing shall fall on the eighth Business Day after Mitsui is notified that the above conditions have all been satisfied or waived. If the above conditions have not been fulfilled (or waived if applicable) by the end of the 6<sup>th</sup> month after the date of the Sale and Purchase Agreement or the First Closing does not occur on the date of the First Closing, the Sale and Purchase Agreement shall automatically terminate.

*Second Closing:*

The Second Closing is conditional on the following conditions being fulfilled (or waived in accordance with the Sale and Purchase Agreement):

- (a) the First Closing having been duly completed;
- (b) the land title certificate in respect of the Land having been obtained by Foshan Yong Rui, and SODH having provided Mitsui with a certified copy of the land title certificate in respect of the Land; and
- (c) there having been no material breach of the Sale and Purchase Agreement.

If the above conditions have not been fulfilled (or waived if applicable) by the end of the 6<sup>th</sup> month after the First Closing, Mitsui may after that date, at its option, by written notice to SODH, terminate the Sale and Purchase Agreement and within 10 Business Days from SODH's receipt of such notice, SODH shall purchase the First Tranche Sale Shares and the First Loan from Mitsui at a purchase price which shall be the sum of (xx) the First Instalment; and (yy) the interest thereon at an interest rate of 10% per annum.

The date of the Second Closing shall fall on the eighth Business Day after Mitsui is notified that the above conditions have all been satisfied or waived. If the Second Closing does not occur on the date of the Second Closing, the non-defaulting party may, at its option, by notice in writing to the defaulting party, terminate the Sale and Purchase Agreement and within 10 Business Days from the said notice, SODH shall purchase the First Tranche Sale Shares and the First Loan from Mitsui. If SODH is the defaulting party, the purchase price shall be the sum of (aa) the First Instalment; and (bb) the interest thereon at an interest rate of 10% per annum. If Mitsui is the defaulting party, the purchase price shall be the difference of (aa) the First Instalment; and (bb) the interest thereon at an interest rate of 10% per annum.

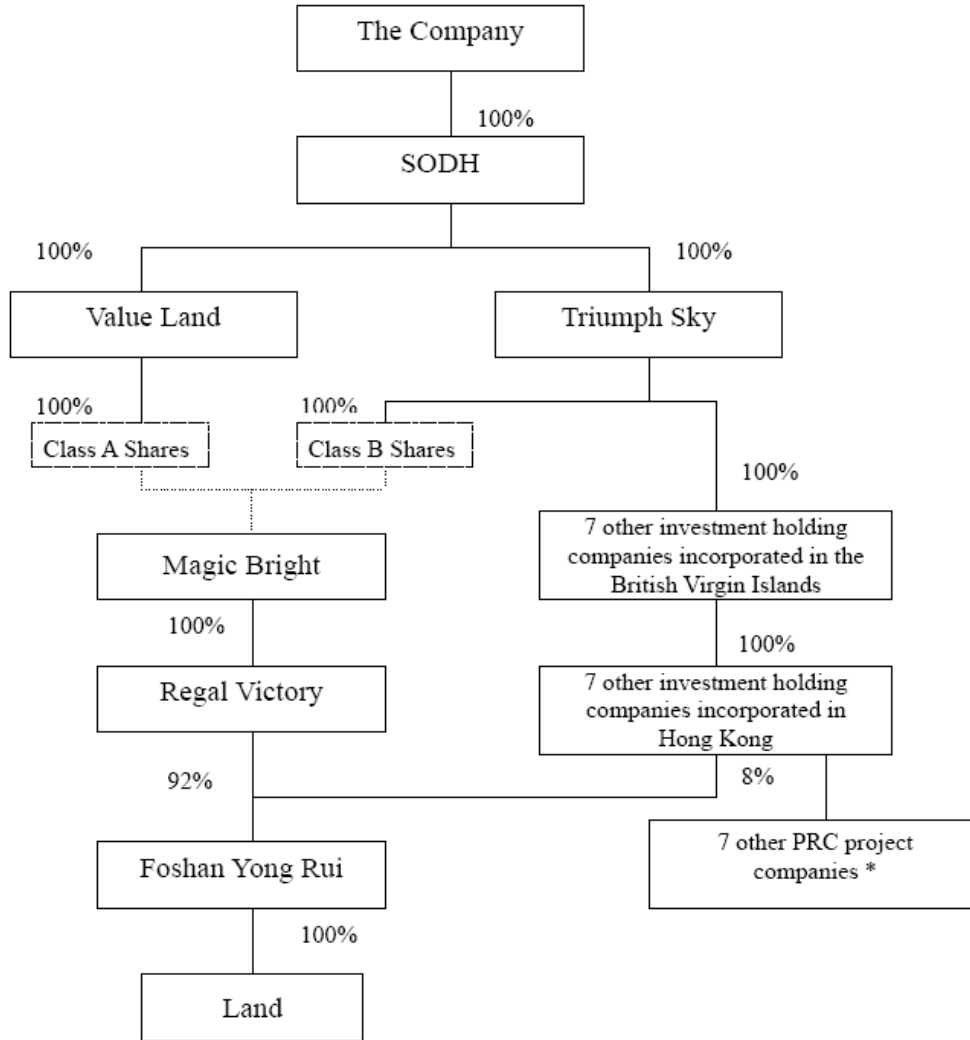
Following the Disposal, Value Land will be held as to 51% by SODH and 49% by Mitsui, and Value Land will continue to be a subsidiary of the Company.

## **INFORMATION ON THE VALUE LAND GROUP AND THE LAND**

Value Land is a company incorporated under the laws of the Cayman Islands on 2 September 2011 with an issued share capital of US\$100 divided into 10,000 shares of US\$0.01 each, which are held by SODH as at the date of this announcement. Value Land holds all the class A shares of Magic Bright, which confer the rights attributable to Regal Victory's 92% interests in Foshan Yong Rui, which will acquire the Land pursuant to the relevant land use right grant contracts. All the class B shares of Magic Bright which confer rights attributable to Regal Victory's interests in the other project companies in the PRC are held by Triumph Sky.

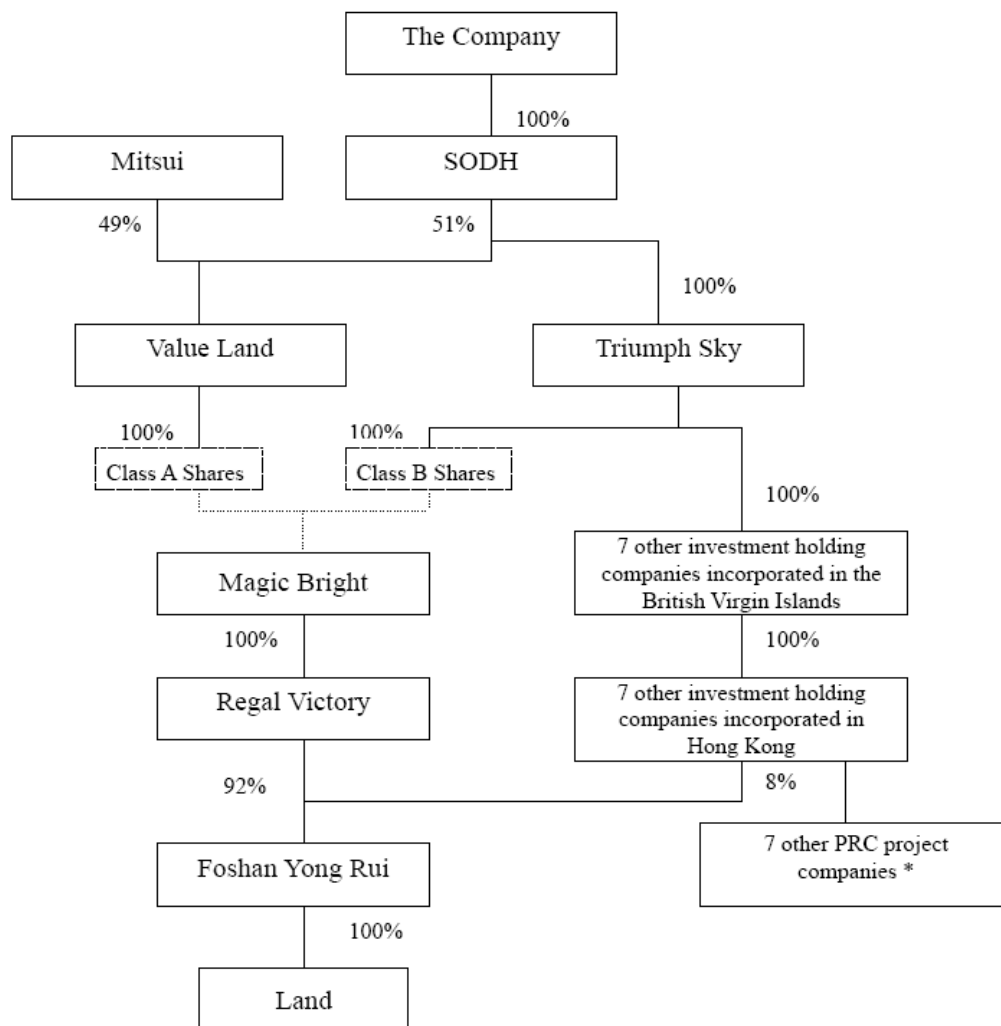
According to the preliminary independent valuation of the Land prepared by Knight Frank Petty Limited, the market value of the Land as at 30 September 2011 was approximately RMB794,000,000 (approximately HK\$968,293,000), being at a premium of approximately 46.49% above the unaudited net asset value of the Land as at 30 September 2011 of approximately RMB542,000,000 (approximately HK\$660,976,000).

At the date of this announcement, the existing shareholding and corporate structure of the Value Land Group is set out below:



\* Regal Victory also holds certain interests in the other PRC project companies.

Upon completion of the Disposal, the shareholding structure of Value Land will be as follows:



\* Regal Victory also holds certain interests in the other PRC project companies.

## THE SHAREHOLDERS' AGREEMENT

Pursuant to the Sale and Purchase Agreement, SODH, Mitsui and Value Land will enter into the Shareholders' Agreement at the First Closing for the purpose of recording the terms and conditions governing the relationship between the shareholders of Value Land, the undertaking of the business, and the management and control of the Value Land Group, including without limitation to the financial commitment from SODH and Mitsui, the board composition of Value Land, the distribution of economic interest to SODH and Mitsui, and the mechanism for the transfer of shares in Value Land.

### *Distribution of economic interest and Buyback*

Upon the occurrence of the earlier (the “**Buyback Triggering Event**”) of (a) on or after the expiry of 3 years and 3 months from the date of the First Closing, and at least 50% of the Saleable GFA of the Residential Portion has been sold and all relevant sales proceeds have been collected (or 3 months have lapsed after the relevant contracts representing at least 50% of the Saleable GFA have been signed, if earlier); or (b) 100% of the Saleable GFA of the Residential Portion has been sold and all relevant sales proceeds have been collected (or 3 months have lapsed after the relevant contracts in respect of 100% of the Saleable GFA of the Residential Portion have been signed, if earlier), and if Mitsui still holds shares in Value Land representing 49% of the issued share capital of Value Land, Mitsui will receive its share of the Economic Interest Amount through dividend distribution at the levels of Magic Bright and Value Land and the Buyback within 3 months from the Buyback Triggering Event.

If 49% of the Economic Interest Amount exceeds the Consideration, the difference will be distributed to Mitsui through dividend distribution at the levels of Magic Bright and Value Land, the Buyback price shall be the aggregate of (a) the Consideration and (b) the additional capital injection made by Mitsui to Value Land, if any, before the Buyback. If 49% of the Economic Interest Amount is equal to or less than the Consideration, no dividend will be declared or paid by Magic Bright or Value Land, the Buyback price shall be the aggregate of (a) 49% of the Economic Interest Amount and (b) the additional capital injection made by Mitsui to Value Land, if any, before the Buyback.

Under the current business plan in relation to the Project and to the best of the knowledge, information and belief after having made all reasonable enquiry up to the date of this announcement, the Company expected that 49% of the Economic Interest Amount will be approximately RMB531,000,000 (approximately HK\$647,561,000), and such amount is estimated using base case business assumptions, and will be calculated based on the accrued revenue, costs and expenses of the Project at the time of the occurrence of the Buyback Triggering Event.

The Company analyzed and estimated the maximum price for the Buyback under all potential business scenarios and market situations, including (1) aggressive assumptions on the annual growth of the residential selling price and (2) the most pessimistic assumption on the availability of project financing to fund the project constructions, in which case the Company assumed that SODH and Mitsui will be required to inject capital into Value Land through equity financing for the purpose of development of the Project. At the date of this announcement, the Company estimated that the maximum price for the Buyback will be RMB730,000,000 (approximately HK\$890,244,000). The Shareholders' Agreement provides that completion of the Buyback is conditional upon the Company obtaining the requisite approval from its Shareholders for the Buyback as may be required by the Listing Rules or a waiver from the Stock Exchange under Rule 14A.43 of the Listing Rules. The Company will comply with the then applicable requirements under the Listing Rules if the actual price of the Buyback exceeds the aforesaid maximum price.



## **USE OF PROCEEDS**

As the Group will still retain control over Value Land after the Disposal, the Company does not expect to record any gain or loss in its consolidated income statement for the current financial year ending 31 December 2011. After deducting estimated tax and other expenses of approximately RMB17 million (approximately HK\$21 million), the net proceeds from the Disposal are estimated to be approximately RMB374 million (approximately HK\$456 million) and will be utilized as general working capital for the Group and also for further development of Foshan Ling Nan Tian Di.

## **REASONS FOR THE TRANSACTIONS AND EXPECTED BENEFITS TO THE COMPANY**

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.

Mitsui is a wholly-owned subsidiary of Mitsui Fudosan Co., Ltd., a listed company in Japan. Mitsui engages in residential property development, sale of its development and sale on consignment of other developers in Japan.

The funding gain from the Disposal will bring cash flow to the Project and expedite the development of Foshan Ling Nan Tian Di. Further, as Mitsui Fudosan Co., Ltd. is one of the largest real estate developers in Japan with leading expertise in development and asset management, the Company believes that the Disposal resulting in the formation of joint venture with Mitsui will enable the Group to leverage on Mitsui's contribution in attracting Japanese buyers, tenants and other participants who may be interested in the Project, and thus further explore the opportunities of long term strategic partnership between Mitsui and the Group.

The Directors (other than the members of the Independent Board Committee whose views will be set out in the circular to be dispatched to the Shareholders together with the opinion of the independent financial adviser of the Company) consider that the terms of the Transactions are on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **IMPLICATION OF THE LISTING RULES**

Mitsui is a connected person of the Company by virtue of its 30% shareholding interest in Many Praises Limited, which is an indirect non-wholly owned subsidiary of the Company. Accordingly, each of the Disposal and the Buyback constitutes a connected transaction for the Company as defined under the Listing Rules.

The relevant percentage ratios set out in the Listing Rules in respect of the Transactions are more than 5% but less than 25%. Therefore, the Transactions constitute discloseable and connected transactions which are subject to the reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

As at the date of this announcement, Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited, which are the controlled corporations of Shui On Company Limited, and which together constitute a closely allied group of Shareholders, hold 1,411,712,352 shares, 1,104,085,477 shares and 137,469,656 shares of the Company respectively. Together, they hold approximately 50.91% of the entire issued share capital of the Company at the date of this announcement. 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 in respect of the Transactions will be obtained and an application has been made by the Company to the Stock Exchange for a waiver from the requirement for the Company to hold a Shareholders' meeting in accordance with Rule 14A.43 of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders, and an independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Transactions.

It is expected that a circular containing, among other things, further details of the Transactions, together with the recommendations of the Independent Board Committee, the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders will be dispatched to the Shareholders on or before 20 December 2011 in accordance with the Listing Rules.

## DEFINITIONS

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

<b>“Board”</b>	the board of Directors;
<b>“Business Days”</b>	a day other than a Saturday or Sunday or public holiday on which banks are open in Hong Kong, Japan, Cayman Islands and the PRC for general commercial business;
<b>“Buyback”</b>	the purchase by SODH from Mitsui of the Buyback Interest pursuant to the Shareholders' Agreement;
<b>“Buyback Interest”</b>	(a) all of the issued share capital of Value Land then owned by Mitsui to be transferred by Mitsui to SODH upon the occurrence of the Buyback Triggering Event under the Shareholders' Agreement; and (b) all loans owed by Value Land to Mitsui that remain outstanding as at the date of occurrence of the Buyback Triggering Event;
<b>“Buyback Triggering Event”</b>	having the meaning as ascribed to it in the section entitled “Distribution of economic interest and Buyback” in this announcement;
<b>“Company”</b>	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange (stock code: 272);
<b>“connected person”, “subsidiary(ies)”</b>	each having the meaning as ascribed to it in the Listing Rules;
<b>“Consideration”</b>	RMB390,933,760 (approximately HK\$476,749,000), being the total cash consideration for the Sale Interest payable by Mitsui to SODH;
<b>“Director(s)”</b>	the director(s) of the Company;
<b>“Disposal”</b>	the disposal of the Sale Interest by SODH to Mitsui in two tranches pursuant to the Sale and Purchase Agreement;
<b>“Economic Interest Amount”</b>	92% of the amount of the economic interest attributable to the Project;

<b>“First Closing”</b>	the closing of the sale and purchase of the First Tranche Sale Shares and the First Loan in accordance with the provisions of the Sale and Purchase Agreement;
<b>“First Loan”</b>	44.1% of the loans in the amount of HK\$257,986,323 owed by Value Land to SODH immediately before the First Closing;
<b>“First Tranche Sale Shares”</b>	4,410 shares of Value Land, representing 44.1% of the issued share capital of Value Land at the First Closing;
<b>“Foshan Ling Nan Tian Di”</b>	the Foshan Ling Nan Tian Di property development project which is well-positioned in the old town centre of central Chancheng District in Foshan City of Guangdong, the PRC, being a large-scale urban redevelopment project with an estimated developable gross floor area of approximately 1,498,000 square metres comprising residential, commercial and retail properties, hotels and cultural facilities;
<b>“Foshan Yong Rui”</b>	Fo Shan Yong Rui Tian Di Property Development Co., Limited (佛山詠瑞天地置業有限公司), a company established under the laws of the PRC, owned as to 92% by Regal Victory and 8% by seven other indirect wholly-owned subsidiaries of the Company incorporated in Hong Kong;
<b>“GFA”</b>	gross floor area;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC;
<b>“Independent Board Committee”</b>	the committee of the Board comprising Sir John R. H. BOND, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY and Mr. David J. SHAW, each being an independent non-executive Director, formed to advise the Independent Shareholders on whether the terms and conditions of the Transactions are fair and reasonable;
<b>“Independent Shareholders”</b>	the Shareholders that are not required to abstain from voting under the Listing Rules if a general meeting is convened to approve the Transactions;

<b>“Land”</b>	the land situated at the north of East Zhaoxiang Road (兆祥東路) and the east of Shidongxia Road (市東下路) in Lot 18 of Foshan Ling Nan Tian Di with an estimated developable above-ground GFA of approximately 108,400 square metres;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“Magic Bright”</b>	Magic Bright Investments Limited, a company incorporated in the British Virgin Islands, the class B shares of which are all held by Triumph Sky and the class A shares of which are all held by Value Land;
<b>“Mitsui”</b>	Mitsui Fudosan Residential Co., Ltd., a company incorporated under the laws of Japan;
<b>“PRC”</b>	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region and Taiwan area;
<b>“Project”</b>	the proposed development project that forms part of Foshan Ling Nan Tian Di and situated at the Land comprising primarily the high rise residential apartments, retail and commercial complex, kindergarten and the car parking spaces;
<b>“Regal Victory”</b>	Regal Victory Limited, a company incorporated in Hong Kong, which is wholly-owned by Magic Bright;
<b>“Residential Portion”</b>	the residential units to be erected on the Land as part of the Project by reference to the design plan of the Project;
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC;
<b>“Sale and Purchase Agreement”</b>	the agreement dated 29 November 2011 made between SODH (as seller) and Mitsui (as purchaser) in respect of the sale and purchase of the Sale Interest;
<b>“Sale Interest”</b>	the First Tranche Sale Shares, the Second Tranche Sale Shares, the First Loan and the Second Loan;

<b>“Saleable GFA”</b>	the saleable GFA which is set out in the pre-sale permit in respect of the Residential Portion issued by the relevant PRC government authorities;
<b>“Second Closing”</b>	the closing of the sale and purchase of the Second Tranche Sale Shares and the Second Loan in accordance with the provisions of the Sale and Purchase Agreement;
<b>“Second Loan”</b>	(a) 4.9% of the loans owed by Value Land to SODH immediately before the First Closing; and (b) 49% of the loans made by SODH to Value Land after the First Closing up to the Second Closing;
<b>“Second Tranche Sales Shares”</b>	490 shares of Value Land that, together with the First Tranche Sale Shares, represent 49% of the issued share capital of Value Land at the Second Closing;
<b>“Shareholders”</b>	holders of the shares of the Company;
<b>“Shareholders’ Agreement”</b>	an agreement to be entered into between SODH, Mitsui and Value Land at the First Closing in relation to the regulation of their shareholdings in, and the management of, Value Land;
<b>“SODH”</b>	Shui On Development (Holding) Limited, a company incorporated under the laws of the Cayman Islands and a wholly-owned subsidiary of the Company;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“Transactions”</b>	the transactions contemplated under the Sale and Purchase Agreement and the Shareholders’ Agreement, including the Disposal and the Buyback;
<b>“Triumph Sky”</b>	Triumph Sky Group Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company;
<b>“Value Land”</b>	Value Land Investment Limited, a company incorporated in the Cayman Islands and a wholly-owned subsidiary of the Company;

**“Value Land Group”** Value Land and its subsidiaries; 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, 29 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*