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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)**

**MAJOR TRANSACTION**

**PROPOSED ISSUE OF CONVERTIBLE PERPETUAL SUBORDINATED  
SECURITIES BY CHINA XINTIANDI HOLDING COMPANY LIMITED**

**AND**

**PROPOSED ISSUE OF WARRANTS BY THE COMPANY**

**AND**

**RESUMPTION OF TRADING**

**Sole Placement Agent and Sole Manager**



**Joint Solicitation Agent**



**J.P.Morgan**

**Joint Financial Advisor (in alphabetical order)**

**J.P.Morgan**



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\* For identification purposes only

The Board announces that on 31 October 2013, the Company and China Xintiandi entered into the Investment Agreement with Brookfield Property Partners and Brookfield, pursuant to which Brookfield will invest US\$500 million (approximately HK\$3,890 million) into China Xintiandi in return for (1) Convertible Perpetual Securities to be issued by China Xintiandi in an aggregate principal amount of US\$500 million and (2) 415 million Warrants to be issued by the Company, exercisable for 415 million Company Shares at an exercise price of HK\$2.85 per Company Share, (subject to a cap of HK\$3.62 on gain per Company Share and customary anti-dilution adjustments).

For a period of 24 months after Closing (subject to certain limitations), upon identification of a defined use of proceeds by China Xintiandi and notification by China Xintiandi to SOL CXTD Holdco and Brookfield, each of SOL CXTD Holdco and Brookfield may invest up to a further US\$250 million (approximately HK\$1,945 million) into China Xintiandi.

Upon Closing:

- China Xintiandi Group will hold the Initial Portfolio, after an internal corporate reorganisation within the Group;
- the Convertible Perpetual Securities will represent, on a fully diluted and as converted basis, approximately 21.67% of the issued share capital of China Xintiandi, subject to limited adjustment at Closing for certain changes to the assets and liabilities related to the Initial Portfolio. The equity percentage in China Xintiandi represented by the Convertible Perpetual Securities issued by China Xintiandi to Brookfield at Closing is derived based on a valuation of RMB24,738 million (approximately HK\$31,417 million) for the Initial Portfolio, representing an approximate 8.83% discount to the adjusted book value of the Initial Portfolio of RMB14,151 million (based on unaudited pro forma consolidated accounts as at 30 June 2013, adjusted primarily for the outstanding construction costs of properties under development);
- China Xintiandi will remain a subsidiary of the Company;
- the Company, SOL CXTD Holdco, China Xintiandi and Brookfield will enter into the Securityholders Deed, which sets out, among other things, certain matters relating to the governance and management of the China Xintiandi Group; and

- the Company and Brookfield will enter into the Exchange Agreement, which sets out, among other things, the terms under which Brookfield may exchange the Convertible Perpetual Securities it holds for Company Shares during the period between the third anniversary of Closing and, at the latest, the fifth anniversary of Closing, and earlier upon the occurrence of certain events.

### **Listing Rules implications**

One or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Investment (with the corresponding reduction of the Company's holding in the issued share capital of China Xintiandi on a fully diluted basis) exceeds 25%, but all of the applicable percentage ratios are less than 75%. The Investment therefore constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and, accordingly, requires Shareholders' approval.

The Directors will, at the EGM, seek Shareholders' approval by way of an ordinary resolution to approve the Investment (including the Brookfield Further Subscription Right), as well as a specific mandates for the issuance of the Warrants (with the Warrant Shares) and the Company Shares under the Exchange Right.

### **General**

A circular containing, among other things, further information relating to the Investment, the Investment Agreement, the Securityholders Deed, the Exchange Agreement, the China Xintiandi Group, the Initial Portfolio, other information required under the Listing Rules and a notice of the EGM will be despatched to the Shareholders on or around 22 November 2013.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares and the Company Shares under the Exchange Right.

### **Suspension and resumption of trading**

At the request of the Company, trading in the Company Shares on the Stock Exchange was halted from 9:00a.m. on 31 October 2013 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Company Shares with effect from 1:00p.m on 31 October 2013.

## INTRODUCTION

The Board announces that on 31 October 2013, the Company and China Xintiandi entered into the Investment Agreement with Brookfield Property Partners and Brookfield in relation to the Investment.

Brookfield will invest US\$500 million (approximately HK\$3,890 million) into China Xintiandi, in return for (1) Convertible Perpetual Securities to be issued by China Xintiandi in an aggregate principal amount of US\$500 million and (2) 415 million Warrants to be issued by the Company, exercisable for 415 million Company Shares (subject to customary anti-dilution adjustments).

Upon Closing, the Convertible Perpetual Securities issued by China Xintiandi to Brookfield will represent, on a fully diluted and as converted basis, approximately 21.67% of the issued share capital of China Xintiandi, subject to limited adjustment at Closing for certain changes to the assets and liabilities related to the Initial Portfolio. The equity percentage in China Xintiandi represented by the Convertible Perpetual Securities issued by China Xintiandi to Brookfield at Closing is derived based on a valuation of RMB24,738 million (approximately HK\$31,417 million) for the Initial Portfolio, representing an approximate 8.83% discount to the adjusted book value of the Initial Portfolio of RMB14,151 million (based on unaudited pro forma consolidated accounts as at 30 June 2013, adjusted primarily for the outstanding construction costs of properties under development).

Assuming no further issuance of Company Shares or rights to subscribe or convert into Company Shares by the Company after the date of this announcement, upon Closing the Warrants issued by the Company to Brookfield will represent, on an as-exercised basis, approximately 5.19% of the total issued share capital of the Company (4.93% of the total issued share capital of the Company on an as-exercised and fully diluted basis).

Following Closing, (1) China Xintiandi will remain a subsidiary of the Company and (2) China Xintiandi Group will (pursuant to an internal corporate reorganisation within the Group before Closing) hold the Initial Portfolio, which comprises the following properties:

- Shanghai Xintiandi;
- Xintiandi Style;
- Corporate Avenue 1;
- Corporate Avenue 2;

- Shui On Plaza; and
- The HUB.

It is contemplated that the following agreements will be entered into at Closing:

- a deed documenting the issuance of the Convertible Perpetual Securities;
- the Warrant Instrument;
- the Securityholders Deed;
- the Exchange Agreement; and
- the other agreements set out in the section headed “Other Transaction Documents” below.

## **THE INVESTMENT AGREEMENT**

### **Date**

31 October 2013

### **Parties**

- (1) the Company
- (2) China Xintiandi
- (3) Brookfield Property Partners
- (4) Brookfield

### **Investment amount and securities to be issued**

Under the Investment Agreement, at Closing Brookfield will invest US\$500 million in China Xintiandi, in return for (1) Convertible Perpetual Securities to be issued by China Xintiandi in an aggregate principal amount of US\$500 million and (2) 415 million Warrants to be issued by the Company, exercisable for 415 million Company Shares at an exercise price of HK\$2.85 per Company Share (subject to a cap of HK\$3.62 on gain per Company Share and to customary anti-dilution adjustments).

At Closing, China Xintiandi will pay Brookfield a closing fee in the amount of US\$5 million.

The consideration to be paid by Brookfield for the Investment was arrived at after arms' length negotiations among the Company, SOL CXTD Holdco, China Xintiandi and Brookfield, with reference to, among other things, (1) the asset value of the Initial Portfolio as at 30 June 2013, (2) the unlisted status of China Xintiandi and (3) other terms of the Investment, including the terms and conditions of the Convertible Perpetual Securities, the Warrants, the Securityholders Deed, the Exchange Agreement and the other agreements set out in the section headed "Other Transaction Documents" below.

### **Conditions to Closing**

Closing is subject to the satisfaction (or, if applicable, waiver) of each of the following conditions:

- (a) no material adverse change (as defined in the Investment Agreement) has occurred since the date of the Investment Agreement;
- (b) the warranties given by China Xintiandi and the Company in the Investment Agreement are true and correct as of Closing (save to the extent any warranty refers to an earlier date, in which case such warranty shall be true and correct as of such earlier date) in each case except to the extent that any breach of the warranties would not cause a decrease of more than 20% in the net equity value of the group of entities that will represent the China Xintiandi Group at Closing, as at 30 June 2013;
- (c) each of China Xintiandi and the Company has performed in all material respects all of its obligations under the Investment Agreement that are required to be performed by it before Closing;
- (d) the Stock Exchange has approved the listing of, and granted permission to deal in, the Warrant Shares;
- (e) no injunction, interim or otherwise, has been granted in respect of China Xintiandi, the Company or Brookfield which would prohibit any of China Xintiandi, the Company or Brookfield from entering into or performing its obligations under any of the transaction documents;
- (f) the Company has obtained all consents, waivers and amendments (as applicable) under the Group's outstanding debt securities, loan facilities and other agreements of the SOL Group and the China Xintiandi Group which are relevant to the Investment and the implementation of the transactions contemplated by the transaction documents;

- (g) the Company has obtained all necessary Shareholders' approvals for the transactions contemplated by the transaction documents;
- (h) the Company has completed the Group's corporate restructuring so that, at Closing, China Xintiandi Group is in the structure as agreed by the parties and set out in the Investment Agreement;
- (i) a condition relating to the accounting treatment of the Investment;
- (j) the China Xintiandi Group has, in the aggregate, cash on its consolidated balance sheet under IFRs greater than RMB100 million (or its equivalent in another currency); and
- (k) no regulator has notified China Xintiandi or the Company in writing that consummation of any of the transactions contemplated by the transaction documents would be contrary to any applicable law or regulation.

Brookfield, at its sole and absolute discretion, may by written notice to China Xintiandi waive satisfaction of the conditions set out in (a), (b), (c), (e) (with respect to Brookfield only) and (j) above.

### **Closing**

Closing shall take place ten Business Days after all of the conditions to Closing are satisfied (or, if applicable, waived), or such other date as the parties may agree.

If the conditions are not satisfied within six months after the date of the Investment Agreement, then either Brookfield or the Company may terminate the Investment Agreement.

### **Pre-Closing undertakings**

Each of the Company and China Xintiandi has undertaken and covenanted with Brookfield in the Investment Agreement that, from the date of the Investment Agreement to and including the Closing Date, (1) the business of the entities that will be members of the China Xintiandi Group at Closing shall be conducted in all material respects in the normal ordinary course consistent with past practice, and (2) no entity that will be a member of the China Xintiandi Group at Closing (unless otherwise required by applicable law, required or expressly permitted by the terms of any transaction document or contemplated by the initial business plan or the initial annual budget of the China Xintiandi Group) will take any of the following action without Brookfield's consent (with certain limited exceptions):

- (a) issue or agree to issue or allot any share capital;

- (b) enter into any transaction with any member of the SOL Group that will not be a member of the China Xintiandi Group at Closing, other than transactions with an aggregate consideration not in excess of HK\$50 million and not otherwise material to the China Xintiandi Group;
- (c) create any encumbrance over the shares of any entity that will be a member of the China Xintiandi Group at Closing (subject to certain exceptions set out in the Investment Agreement);
- (d) change, in any material respect, the accounting procedures, principles or practices of China Xintiandi, other than as required by IFRS;
- (e) issue or agree to issue any China Xintiandi Securities;
- (f) change certain employment arrangements, grant annual compensation in excess of US\$2.5 million per person (whether cash or otherwise) (save as contemplated in the initial business plan or the initial annual budget of the China Xintiandi Group), or implement any employee incentive plan;
- (g) form and capitalise any asset specific investment vehicles with sponsor investment from China Xintiandi or provide asset management services by China Xintiandi, including, but not limited to, forming private funds, pooled capital investment vehicles and asset-specific joint-ventures (save as contemplated in the initial business plan or the initial annual budget of the China Xintiandi Group);
- (h) cease to carry on business or be wound up or dissolved (including any voluntary bankruptcy/insolvency proceedings or consent to the appointment of a receiver in respect of China Xintiandi);
- (i) effect any share split, share combination or share dividend (except as contemplated by the internal corporate restructuring in connection with the transaction);
- (j) effect any merger, demerger, consolidation, restructuring or recapitalisation with any other person (except as contemplated by the Group's internal corporate restructuring in accordance with the corporate restructuring steps set out in the Investment Agreement) or change the jurisdiction of incorporation of China Xintiandi or any of its subsidiaries;
- (k) acquire any real properties;
- (l) sell or dispose any material assets outside the ordinary course of business and involving considerations in excess of RMB50 million;

- (m) incur any indebtedness for borrowed money in an aggregate amount in excess of RMB100 million (other than in respect of draw downs from existing facilities); and
- (n) provide loans to, or guarantee the obligation of, any person that will not be a member of the China Xintiandi Group at Closing in an amount in excess of RMB50 million.

Prior to Closing, the Company and China Xintiandi will notify Brookfield of any breaches of the warranties given by each of them in the Investment Agreement.

### **Company indemnity**

If Closing occurs, the Company has agreed to indemnify each member of the China Xintiandi Group from and against all losses arising out of, among other things, (1) certain operational matters relating to the Initial Portfolio before Closing and (2) the Group's internal corporate restructuring (including in relation to the disposal of properties). Any decision to pursue claims against the Company by China Xintiandi shall be made by Brookfield after Closing.

If Closing occurs, the Company has further agreed to indemnify each member of the China Xintiandi Group for all costs incurred at any time after 1 July 2013 related to works to be carried out in relation to Corporate Avenue 2 and The HUB that are in excess of forecasted costs (except to the extent resulting from (1) any changes to works already planned and (2) force majeure events). If any works in relation to Corporate Avenue 2 and The HUB fail to achieve completion on an agreed date, the Company shall pay a fee to China Xintiandi for each day that completion remains outstanding.

If Closing occurs, the Company undertakes to rectify defects relating to certain Initial Portfolio properties, at its cost.

### **Warranties**

China Xintiandi is giving various warranties to Brookfield in respect of the business and the operations of the Initial Portfolio and China Xintiandi Group. Brookfield will be provided with remedies in the event of breaches of these warranties.

### **Guarantee**

Brookfield Property Partners have, jointly and severally, irrevocably and unconditionally guaranteed to the Company and China Xintiandi the due and punctual performance and observance of Brookfield of its obligations to pay the Investment Amount at Closing, subject to the terms and conditions set forth in the Investment Agreement.

## PRINCIPAL TERMS OF THE CONVERTIBLE PERPETUAL SECURITIES

Issuer	China Xintiandi
Aggregate principal amount of Convertible Perpetual Securities issued at Closing	US\$500 million
Status and subordination	The Convertible Perpetual Securities constitute direct, unsecured, unconditional and subordinated obligations of China Xintiandi and rank <i>pari passu</i> without preference or priority among themselves. In the event of a winding-up of China Xintiandi, the rights and claims of any holders shall rank ahead of those persons whose claims are in respect of any share capital of China Xintiandi, but shall be subordinated in right of payment to the claims of all other present and future obligations of China Xintiandi other than the claims of holders of parity obligations
Issue price	100% of principal amount of the Convertible Perpetual Securities
Form and denomination	The Convertible Perpetual Securities will be issued in registered form in denominations of US\$100,000 each and integral multiples thereof
Distribution rate	Before the fifth anniversary of Closing: 8.3% per annum From and after the fifth anniversary of Closing: 20% per annum
Distribution payment	Distributions are payable semi-annually
Distribution deferral	On any distribution payment date, China Xintiandi may opt not to pay such distribution, in which case the conversion price of the Convertible Perpetual Securities will be adjusted to account for the non-payment of such distribution, as described under “Conversion price”

Restriction on China Xintiandi dividends in the event of distribution deferral

If China Xintiandi opts to not pay a distribution or does not pay a distribution on two separate occasions, China Xintiandi shall not, for so long as any Convertible Perpetual Securities are outstanding,

- declare or pay, in cash or in kind, any dividend, distribution or make any other payment on, and shall procure that no dividend, distribution or other payment is made on, any of its junior securities or parity obligations; or
- redeem, reduce, cancel, buy-back or acquire for any consideration any of its junior securities or parity obligations,

unless and until it is permitted to do so by written consent of the holders of more than 50% of the Convertible Perpetual Securities then outstanding

Maturity date

None

Redemption at the Issuer's option

The Convertible Perpetual Securities may be redeemed by China Xintiandi beginning on the fifth anniversary of Closing by either (at China Xintiandi's election):

- paying to the holders the Applicable Redemption Price of such outstanding Convertible Perpetual Securities to be redeemed; or
- if no China Xintiandi Listing has occurred by the time of such redemption, procuring the issue by the Company to the holders such number of Company Shares as is equal in value to the Applicable Redemption Price for the Convertible Perpetual Securities to be redeemed,

in each case, together with a cash premium (in US\$) equal to 0.7% per annum (measured from Closing to the date of redemption) of the principal amount of the Convertible Perpetual Securities to be redeemed

Redemption under certain circumstances	China Xintiandi has the right to redeem the Convertible Perpetual Securities at their Applicable Redemption Price if it becomes liable to pay additional tax amounts in respect of such Convertible Perpetual Securities. A holder of Convertible Perpetual Securities may elect not to have its Convertible Perpetual Securities redeemed in this event if it allows for the relevant tax amounts to be withheld from any payments made in respect of the Convertible Perpetual Securities
Conversion right into China Xintiandi Shares	<p>The Convertible Perpetual Securities may be converted into China Xintiandi Shares at any time at the option of the holder.</p> <p>After a China Xintiandi Listing where Convertible Perpetual Securities remain outstanding, any holder wishing to convert its Convertible Perpetual Securities into China Xintiandi Shares must do so in respect of all of the outstanding Convertible Perpetual Securities it holds (subject to the condition that such conversion would not trigger a mandatory general offer in relation to China Xintiandi)</p>
Conversion price	<p>The initial conversion price is to be calculated as of the time of Closing based on (a) a valuation of RMB24,738 million (approximately HK\$31,417 million) for the Initial Portfolio, representing:</p> <ul style="list-style-type: none"> <li>• an approximate 8.83% discount to the adjusted book value of the Initial Portfolio (based on unaudited pro forma consolidated accounts as at 30 June 2013, adjusted primarily for the outstanding construction costs of properties under development);</li> </ul> <p>and the number of China Xintiandi Shares then outstanding, so that the Convertible Perpetual Securities issued at Closing will represent, on a fully diluted and as converted basis, approximately 21.67% of the issued share capital of China Xintiandi at Closing (and subject to limited adjustment at Closing for certain changes to the assets and liabilities related to the Initial Portfolio)</p>

	<p>The conversion price will be determined at the time of conversion under the terms of the Convertible Perpetual Securities in accordance with a schedule of conversion prices which reflect whether or not distributions have been paid on the Convertible Perpetual Securities</p>
<p>Conversion price adjustment</p>	<p>The conversion price will be subject to customary anti-dilution adjustments such as for consolidation, subdivision or reclassification of shares, capitalisation of profits or reserves, capital distributions, rights issues and other usual dilutive events</p>
<p>Mandatory conversion into China Xintiandi Shares</p>	<p>The Convertible Perpetual Securities will convert automatically into China Xintiandi Shares at the conversion price described above upon a Qualified IPO or a China Xintiandi Listing approved by Brookfield</p> <p>If China Xintiandi completes a China Xintiandi Listing that is not a Qualified IPO or otherwise approved by Brookfield, then the Convertible Perpetual Securities will remain outstanding after such China Xintiandi Listing</p>
<p>Brookfield's change of control option</p>	<p>For so long as Brookfield holds Convertible Perpetual Securities representing 10% of the China Xintiandi Shares on a fully diluted basis, upon the occurrence of a change of control (as defined in the terms and conditions of the Convertible Perpetual Securities) of the Company or China Xintiandi, Brookfield may request that the Company redeem all the Convertible Perpetual Securities it holds</p> <p>Upon such redemption request, China Xintiandi may elect to either:</p> <ul style="list-style-type: none"> <li>• redeem the Convertible Perpetual Securities at their Applicable Redemption Price; or</li> <li>• leave the Convertible Perpetual Securities outstanding, in which case the distribution rate then applicable will increase by 4%</li> </ul>

## PRINCIPAL TERMS OF THE WARRANTS

Issuer	The Company
Warrants issued at Closing	415,000,000 Warrants, each exercisable for one Company Share
Exercise price	HK\$2.85 per Warrant Share
Exercise premium cap	Upon exercise of the Warrants, to the extent that the then-market value per Warrant Share exceeds the Warrant exercise price by HK\$3.62, the number of Warrants Shares to be issued will be reduced such that the gain to be received for the exercise of each Warrant will be capped at HK\$3.62
Exercise price adjustment	The exercise price, the exercise premium cap and (save for on a consolidation or subdivision of Company Shares) the number of Warrant Shares to be issued on exercise will be subject to customary anti-dilution adjustments such as for consolidation, subdivision or reclassification of shares, capitalisation of profits or reserves, capital distributions, rights issues and other usual dilutive events
Exercise period	From Closing until the third anniversary of Closing, provided that during the period between 31 October 2013 and Closing, Brookfield has the right to notify the Company that it elects to exercise the Warrants at Closing based on the market price of Company Shares as at the date of such notice, in which case upon (and subject to) Closing taking place, the Warrants will be automatically exercised at Closing based on the market price of Company Shares as at the date of Brookfield's notice.

#### Automatic cancellation

Upon the notification by the Issuer to the Warrantholder that it proposes to submit an application for a China Xintiandi Listing, which notice cannot be given before 31 March 2015, the Warrantholder shall have a period of 30 days to exercise its Warrants. The Issuer is entitled to submit an application for a China Xintiandi Listing after a period of 28 days clear notice from the end of the Warrantholder's 30 day exercise period. Any Warrants outstanding and unexercised at the end of the 30 day period shall be automatically cancelled. Upon such cancellation, the Company shall have no further obligations to any person in respect of such Warrants.

#### Settlement options

Upon the exercise of any Warrants, the Company may, at its sole option, settle such Warrants in any one of the following manners:

- issue the Warrant Shares underlying such Warrants being exercised (taking into account the exercise premium cap) in return for payment of the aggregate exercise price;
- “net-share-settled” by delivering a number of Company Shares with an aggregate value (calculated based on the market price of Company Shares at the time of exercise) equal to the difference between (1) the aggregate value (calculated based on the market price of Shares at the time of exercise) of the Warrant Shares underlying the Warrants being exercised (taking into account the exercise premium cap) and (2) the aggregate amount of the exercise price to be paid for the Warrants being exercised; or
- “net-cash-settled” by delivering an amount in cash equal to the difference between (1) the aggregate value (calculated based on the market price of Shares at the time of exercise) of the Warrant Shares underlying the Warrants being exercised (taking into account the exercise premium cap) and (2) the aggregate amount of the exercise price to be paid for the Warrants being exercised

Transferability	Freely transferable
Listing	No listing will be sought for the Warrants.  An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares.

### **The Warrant Exercise Price and the Warrant Shares**

The exercise price for the Warrants represents:

- a premium of approximately 5.95% over the last closing price of the Company Share of HK\$2.69 per Company Share as quoted on the Stock Exchange on 30 October 2013, being the last trading day before the date of this announcement;
- a premium of approximately 9.28% to the average closing price of approximately HK\$2.61 per Company Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 30 October 2013; and
- a premium of approximately 7.79% to the average closing price of approximately HK\$2.64 per Company Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including 30 October 2013;.

The exercise price was arrived at after arm's length negotiations between the Company and Brookfield, after considering (1) the Group's existing financial position, (2) the terms of the Warrants and (3) the recent price performance of Company Shares. The Directors consider that the exercise price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Upon full exercise of the subscription rights attaching to the Warrants issued at Closing, a maximum of 415 million Company Shares will be issued and allotted by the Company, representing approximately 5.19% of the total issued share capital of the Company and approximately 4.93% of the total issued share capital of the Company as enlarged by the issue and allotment of such Company Shares (in each case assuming no further issue of Company Shares or rights to subscribe or convert into Company Shares by the Company after the date of this announcement).

## **THE SECURITYHOLDERS DEED**

### **Date**

To be entered into at Closing

### **Parties**

- (1) The Company
- (2) SOL CXTD Holdco
- (3) China Xintiandi
- (4) Brookfield

### **Directors and management of China Xintiandi**

For so long as the Brookfield Group holds China Xintiandi Securities representing at least 10% of the China Xintiandi Shares on a fully diluted basis, the board of directors of China Xintiandi shall consist of 10 directors as follows:

- four shall be appointed by SOL CXTD Holdco (with one of them being the chairman of the board);
- four shall be appointed by SOL CXTD Holdco but with individuals meeting the requirements for independent non-executive directors under the Listing Rules; and
- two shall be appointed by Brookfield.

The Company shall also have an executive committee, which shall be responsible for the day to day management of the China Xintiandi Group. Such committee shall consist of 10 members. For so long as the Brookfield Group holds China Xintiandi Securities representing at least 10% of the China Xintiandi Shares on a fully diluted basis, Brookfield shall be entitled to appoint two members to the executive committee.

## **Brookfield consent rights**

For so long as the Brookfield Group holds China Xintiandi Securities representing at least 10% of the China Xintiandi Shares on a fully diluted basis, unless such matters are within the terms of the business plan or annual budget of China Xintiandi then in effect, the China Xintiandi Group may not proceed with any of the following matters without the approval of both Brookfield and the Company acting through their appointed directors:

- (a) appoint, as China Xintiandi's auditors, an accounting firm other than Deloitte, Ernst & Young, PricewaterhouseCoopers or KPMG;
- (b) change any material accounting policy or treasury policy that are in existence as at the date of the Securityholders Deed (other than changes in connection with changes in applicable accounting standards or practices, or contemplated in any business plan or annual budget of China Xintiandi);
- (c) issue any China Xintiandi Securities (other than issuance (i) in a China Xintiandi Listing or any placement concurrently with a China Xintiandi Listing, (ii) in connection with the acquisition of assets for the SOL Group, (iii) in connection with any further subscription described under "Further Subscription for China Xintiandi Securities, (iv) in connection with the repurchase of interests in disposed properties or (v) contemplated in a business plan or annual budget of China Xintiandi);
- (d) change in the size of the board of directors or executive committee of China Xintiandi, or form any new committee or other governing body (other than, with respect to forming new committees or other governing bodies, as required by applicable law in connecting with a China Xintiandi Listing);
- (e) incur any indebtedness for borrowed money in an amount in excess of RMB150 million per year, subject to certain exclusions;
- (f) other than certain permitted encumbrances, create any encumbrances over any assets of China Xintiandi;
- (g) other than certain permitted dividend or distribution, declare or pay any dividend, or make any distribution, on or with respect to the China Xintiandi Shares in any fiscal year in an aggregate amount that exceeds 30% of China Xintiandi's net income for such fiscal year, other than certain permitted dividend or distribution;

- (h) redeem or repurchase any China Xintiandi Securities (other than redemptions and repurchases (i) in accordance with the terms of such China Xintiandi Securities or (ii) expressly included in a business plan or annual budget of China Xintiandi);
- (i) change the domicile of China Xintiandi;
- (j) change certain employment arrangements;
- (k) grant to any employee compensation (whether in cash or otherwise) with a value in excess of US\$2.5 million per person per year, excluding grants contemplated in a business plan or annual budget of China Xintiandi;
- (l) form or capitalize any asset-specific investment vehicle that has sponsor investment from China Xintiandi or asset management services being provided by China Xintiandi, other than as contemplated in a business plan or annual budget of China Xintiandi;
- (m) merge, demerge, consolidate, restructure or recapitalize China Xintiandi, either into any other business combinations or transactions having similar or equivalent effect, or effect any share split or share combination, in each other than as contemplated in a business plan or annual budget of China Xintiandi;
- (n) institute any winding-up of proceedings with respect to any member of the China Xintiandi Group;
- (o) sell or dispose of related assets having a value in excess of RMB800 million, other than certain exceptions;
- (p) acquire real properties for consideration in excess of RMB500 million, other than acquisitions contemplated in a business plan or annual budget of China Xintiandi;
- (q) make any loans, guarantees or other similar financial arrangements to any person not within the China Xintiandi Group;
- (r) change the business plan or annual budget then in effect, such that there is a change of (i) 5% or more in net operating income, (ii) 10% or more in funds from operations, (iii) 10% or more in adjusted funds from operation or (iv) 10% or more in gross general and administrative expense;

- (s) enter into any contraction, transaction or other arrangement with the Company or any of its affiliates (except for any contract, transaction or other arrangement, individually or any related contract, transaction or other arrangement in aggregate, with a consideration of HK\$20 million or less and that is otherwise not material to the operations of the China Xintiandi Group); or
- (t) agree or enter into a commitment with respect to any of the foregoing.

Certain of the rights listed above may be assumed by other holders of China Xintiandi Securities to whom Brookfield has transferred China Xintiandi Securities, subject to limitations and exceptions specified in the Securityholders Deed.

### **Relationship between the SOL Group and the China Xintiandi Group**

From Closing until a China Xintiandi Listing has occurred:

- the SOL Group will engage in the development of properties in the PRC; the China Xintiandi Group will engage in the investment and management of commercial properties in the PRC, and each will refer to the other opportunities in the other group's business scope (with certain exceptions); and
- the SOL Group will grant the China Xintiandi Group a right-of-first offer over commercial properties to be sold by the SOL Group to independent third parties (with certain exceptions).

### **Further subscription for China Xintiandi Securities**

After Closing, if China Xintiandi has notified each of SOL CXTD Holdco and Brookfield of the amount of capital it intends to raise and the intended use of proceeds from such further investment, SOL CXTD Holdco and Brookfield will each have the right to invest up to a further US\$250 million (approximately HK\$1,945 million) into China Xintiandi, in return for:

- in the case of Brookfield, additional Convertible Perpetual Securities to be issued by China Xintiandi in an aggregate principal amount of US\$250 million and if Brookfield subscribes for the full aggregate principal amount of US\$250 million, an additional 27.35 million Warrants to be issued by the Company, exercisable for 27.35 million Company Shares; and
- in the case of SOL CXTD Holdco, additional China Xintiandi Shares to be issued by China Xintiandi with an aggregate value equal to US\$250 million (with each such China Xintiandi Share value at the same price as the conversion price for the Convertible Perpetual Securities determined at Closing),

in each case, pro rata if the amount invested by the relevant party is less than US\$250 million.

This further subscription option is available until the earliest of (1) the date that is 24 months after Closing, (2) the date that is 180 clear days before a China Xintiandi Listing and (3) the date that is 28 clear days before the first submission (after Closing) of the first listing application in respect of a China Xintiandi Listing.

The Warrants to be issued on any further subscription of US\$250 million by Brookfield will be issued on terms which are substantially the same as the Warrants to be issued to Brookfield on Closing (the principal terms of which are set out above).

## **Transfers**

**Prohibition on Transfer:** No holder of China Xintiandi Securities may transfer any China Xintiandi Securities to any person from the date of the Securityholders Deed up to and including the third anniversary of the date of the Securityholders Deed.

After the third anniversary of the date of the Securityholders Deed, each holder of China Xintiandi Securities shall (subject to offering to sell such China Xintiandi Securities to other existing holders of China Xintiandi Securities) be entitled to transfer an amount, that on a fully diluted basis, would not represent less than 5% of its China Xintiandi Securities to certain qualified investors.

**Right of First Refusal, Tag-Along and Drag-Along:** Each holder of China Xintiandi Securities has a right of first offer over the transfer by other holders of their China Xintiandi Securities. In addition, under certain circumstances specified in the Securityholders Deed (1) Brookfield will be able to participate as a co-transferor in sales by the Group of its interest in China Xintiandi and (2) if SOL CXTD Holdco proposes to transfer its interest in China Xintiandi, it will be able to require all other holders of China Xintiandi Securities to transfer to the proposed transferee all the China Xintiandi Securities held by them at the same price and on the same other terms.

## **China Xintiandi Listing**

The China Xintiandi board shall approve China Xintiandi Listing as follows:

- for any China Xintiandi Listing that is a Qualified IPO, by simple majority vote of the China Xintiandi directors; and
- for any China Xintiandi Listing that is not a Qualified IPO, by simple majority vote of the China Xintiandi directors plus at least 1 director from each of SOL CXTD Holdco and Brookfield. However, if the proposed China Xintiandi Listing is a listing by introduction of China Xintiandi, then China Xintiandi may proceed with such listing by introduction by simple majority vote of the China Xintiandi directors if Brookfield has not consented to such listing by introduction after two votes at the China Xintiandi board.

The Company may not propose any listing by introduction before the later of (1) nine months from Closing and (2) completion of certain properties and meeting certain valuation thresholds. The Convertible Perpetual Securities shall remain outstanding upon a listing by introduction of China Xintiandi that has not been approved by Brookfield.

Any China Xintiandi Listing will be subject to all necessary regulatory approvals and authorisations, including the approval of the Stock Exchange in the case of a China Xintiandi Listing in Hong Kong.

## **Default**

If there is a material default or an insolvency event (each as defined in the Securityholders Deed) relating to any party, then:

- if the relevant breaching party is a member of the Brookfield Group, then SOL CXTD Holdco may repurchase Brookfield Group's Convertible Perpetual Securities at the Applicable Redemption Price; and
- if the relevant breaching party is a member of the SOL Group, then Brookfield may require SOL CXTD Holdco or China Xintiandi to exchange the Convertible Perpetual Securities held by the Brookfield Group into Company Shares in the same manner as the exchange of Convertible Perpetual Securities for Company Shares under the Exchange Agreement, in which event SOL CXTD Holdco or China Xintiandi, as the case may be, may settle such exchange either in cash (in an amount equal to the Applicable Redemption Price of the Convertible Perpetual Securities then held by the Brookfield Group or in Company Shares.

## **Termination of the Securityholders Deed**

The Securityholders Deed will terminate with immediate effect upon the occurrence of a China Xintiandi Listing.

## **THE EXCHANGE AGREEMENT**

### **Date**

To be entered into at Closing

### **Parties**

- (1) The Company
- (2) Brookfield

### **Right to exchange Convertible Perpetual Securities for Company Shares**

From and including the third anniversary of Closing to (and including) the earliest of (1) the date that is 180 clear days prior to the date of a China Xintiandi Listing, (2) the date that is 28 clear days before the first submission (after the date hereof) of the first listing application form in respect of a China Xintiandi Listing, (3) the date which falls 30 days after the service of a redemption notice for the Convertible Perpetual Securities by the Company and (4) the date prior to the fifth anniversary of Closing, Brookfield will have the right to exercise its Exchange Right at the exchange price per Company Share equal to HK\$3.25, which exchange price is subject to adjustment to account for the payment and non-payment of distribution on the Convertible Perpetual Securities and other customary anti-dilution adjustments such as for consolidation, subdivision or reclassification of shares, capitalisation of profits or reserves, capital distributions, rights issues and other usual dilutive events. Brookfield's Exchange Right terminates on the earliest of these dates and if any of the dates in (1) or (2) occurs before the third anniversary of the date of issue, then there will be no Exchange Right.

If, before the date that is the third anniversary of the date of issue, (1) China Xintiandi first proposes a China Xintiandi Listing that is not a Qualified IPO and taking the form of a Listing by Introduction and (2) such Listing by Introduction is not approved by both Brookfield and the Company, then Brookfield shall be permitted to exercise its Exchange Right at any time during a period of three months from the date that the Board first not approving such Listing by Introduction. Brookfield may also exercise its Exchange Right upon the occurrence of certain change of control events relating to the Company or China Xintiandi.

Upon any exercise of the Exchange Right, the Company may, at its sole discretion, settle such Exchange Right (and acquire the Convertible Perpetual Securities so exchanged) by either:

- paying to Brookfield the Applicable Redemption Price of such outstanding Convertible Perpetual Securities to be exchanged ; or
- exchanging the Convertible Perpetual Securities for a number of Company Shares (rounded up to the nearest whole number of Company Shares, if applicable) at the exchange price,

in each case, together with a cash premium (in US\$) equal to 0.7% per annum (measured from the Closing to the date of exchange) of the aggregate principal amount of the Convertible Perpetual Securities to be exchanged.

**Brookfield’s right of first offer with respect to the Company’s China Xintiandi Shares**

Following a China Xintiandi Listing that is not (1) a Qualified IPO or (2) otherwise approved by Brookfield (and, as a result of which, the Convertible Perpetual Securities have not been mandatorily converted), for so long as Brookfield holds Convertible Perpetual Securities representing at least 10% of the China Xintiandi Shares on a fully diluted basis, if any member of the Group proposes to sell any China Xintiandi Shares which it holds, it must first offer such shares to Brookfield at the proposed sale price, subject to certain exceptions and parameters specified in the Exchange Agreement.

Such right of first offer will not apply (1) to any placing and top-up transactions carried out by the Company or members of the SOL Group, and (2) to any dividend of China Xintiandi Shares by members of the SOL Group up to the Shareholders.

## **OTHER TRANSACTION DOCUMENTS**

At Closing, the SOL Group and the China Xintiandi Group will enter into the following additional documents:

- a services agreement to be entered into between Brookfield and China Xintiandi in relation to the provision of services by Brookfield to the China Xintiandi Group, under which China Xintiandi will pay Brookfield an annual retainer equal to US\$3 million per year (plus success-based fees for other services if provided by Brookfield to China Xintiandi);
- an asset management agreement to be entered into between a member of the SOL Group and a member of the China Xintiandi Group in relation to the provision of certain asset management by the China Xintiandi Group to the SOL Group;
- a trademark licensing agreement to be entered into between the Company and China Xintiandi in relation to the transfer or license of certain trademarks of which the Company is the registered proprietor;
- a property management agreement to be entered into between members of the China Xintiandi Group and Feng Cheng in relation to the provision of certain property management services by Feng Cheng to the China Xintiandi Group; and
- an agency agreement to be entered into between Shui On Development and China Xintiandi in relation to China Xintiandi acting as agent for the disposal of commercial properties by the SOL Group.

The Company will comply with the then applicable requirements under the Listing Rules if, upon Closing, Brookfield becomes a connected person of the Company and the transactions contemplated under the services agreement to be entered into between Brookfield and China Xintiandi constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

## **REORGANISATION**

The Group will carry out an internal corporate reorganisation so that, at Closing, the properties forming the Initial Portfolio will be held by China Xintiandi. The completion of such corporate reorganisation is subject to, among other things, the consent and approval of the Group's existing bondholders and lenders.

## THE INITIAL PORTFOLIO

The Initial portfolio has a total leasable GFA of 663,000 sq.m with an aggregate property valuation of RMB26,294 million<sup>2</sup> (approximately HK\$33,393 million). The descriptions and value of properties constituting the Initial Portfolio are as follows:

<b>Property</b>	<b>Location</b>	<b>Leasable GFA of property (sq.m)</b>
Shanghai Xintiandi	Lots 109-13/I, 109-I/I, 112-8/I and 112-I/I, Shanghai Xintiandi, Taipingqiao Area, Huangpu District, Shanghai, PRC	57,000
Xintiandi Style	Lot 113, Ma Dang Road, Huangpu District, Shanghai, PRC	27,000
Corporate Avenue 1	Phase 1 of Corporate Avenue, Lot 110, Taipingqiao Area, Huangpu District, Shanghai, PRC	83,000
Corporate Avenue 2	Phase 2 of Corporate Avenue, Lot 126 and Lot 127, Taipingqiao Area, Huangpu District, Shanghai, PRC	161,000
Shui On Plaza	333 Huai Hai Zhong Road, Huangpu District, Shanghai, PRC	58,000
The HUB	Lot 152-1/1, Hua Cao Zhen, Min Hang District, Shanghai, PRC	277,000

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<sup>2</sup> Property valuation of commercial assets conducted by an independent third party valuer and hotels were valued at cost as of 30 June 2013

## FINANCIAL INFORMATION ON CHINA XINTIANDI

Based on the unaudited proforma consolidated accounts of China Xintiandi prepared in accordance with International Financial Reporting Standards:

- for the financial year ended 31 December 2011, the rental revenue attributable to the Initial Portfolio was RMB515,352,000, the net profit before taxation<sup>(1)</sup> attributable to the holding companies of the Initial Portfolio was RMB1,632,981,000 and net profit after taxation<sup>(1)</sup> attributable to the holding companies of the Initial Portfolio was RMB1,139,051,000;
- for the financial year ended 31 December 2012, the rental revenue attributable to the Initial Portfolio was RMB633,307,000, the net profit before taxation<sup>(1)</sup> attributable to the holding companies of the Initial Portfolio was RMB1,974,515,000 and net profit after taxation<sup>(1)</sup> attributable to the holding companies of the Initial Portfolio was RMB1,382,309,000; and
- for the six months ended 30 June 2013, the rental revenue attributable to the Initial Portfolio was RMB334,094,000, the net profit before taxation<sup>(1)</sup> attributable to the holding companies of the Initial Portfolio was RMB1,066,463,000 and net profit after taxation<sup>(1)</sup> attributable to the holding companies of the Initial Portfolio was RMB736,330,000.

Note 1: Net profit before taxation and net profit after taxation include historical sales of development properties and fair value gain of investment properties.

## **REASONS FOR THE TRANSACTION**

The Directors believe that the proceeds from the Investment, and the exercise of any Brookfield Further Subscription Rights (if any), will improve the cash position of the Group and strengthen the overall balance sheet of the Company. A portion of the proceeds from the Investment may also be used to provide additional cash resources for China Xintiandi to fund its operations and any future acquisitions.

Brookfield is a leading global commercial real estate owner and operator. The Directors believe that the introduction of Brookfield as a strategic investor will bring valuable global industry expertise to China Xintiandi, and will create significant opportunity for cooperation in the investment and management of commercial properties in the PRC. The Directors also believe that Brookfield will, as a long-term partner to the Group, make significant contributions in a wide range of areas such as real estate operations, financial management, information technology and corporate governance.

The Directors are of the view that the terms of the Investment, the Investment Agreement, the Convertible Perpetual Securities, the Warrants, the Securityholders Deed and the Exchange Agreement have been negotiated on an arm's length basis, on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The deemed disposal of the Initial Portfolio will not result in any net gains or losses.

## **USE OF PROCEEDS**

The Company expects the Group to receive at Closing gross proceeds of US\$500 million (approximately HK\$3,890 million) and net proceeds (after deducting all related costs and expenses (including professional advisors' fees and the US\$5 million closing fee payable to Brookfield at Closing)) of US\$480 million (approximately HK\$3,734 million). The Company intends to apply the net proceeds from the Investment to repay existing indebtedness, fund capital expenditures related to the Company's real estate development and general corporate purposes.

## EFFECT ON COMPANY SHAREHOLDING

As at the date of this announcement, the Company has 8,001,726,189 Company Shares in issue. Set out below is the potential effect on the shareholding structure of the Company (assuming no further issuance of Company Shares or rights to subscribe or convert into Company Shares by the Company after the date of this announcement), taking into account the exercise of the Warrants and the Exchange Right (assuming both are exercised in full), for (1) Brookfield's Investment in return for 415 million Warrants and US\$500 million aggregate principal amount of Convertible Perpetual Securities and (2) Brookfield's Investment in return for 415 million Warrants and US\$500 million aggregate principal amount of Convertible Perpetual Securities plus Brookfield's exercise of its further subscription right in return for an additional 27.35 million Warrants and an additional US\$250 million aggregate principal amount of Convertible Perpetual Securities.

For each scenario, the shareholding structure of the Company (1) as at the date of this announcement, (2) immediately after the full exercise of the Warrants, (3) immediately after the full exercise of the Exchange Right of the Convertible Perpetual Securities into Company Shares, (4) immediately after the full exercise of the Warrants and the full exercise of the Exchange Right of the Convertible Perpetual Securities into Company Shares and (5) immediately after the full exercise of the Warrants, the full exercise of the Exchange Right of the Convertible Perpetual Securities into Company Shares, the full conversion of the outstanding convertible bonds<sup>(1)</sup> into Company Shares and the full exercise of the outstanding share options<sup>(2)</sup>, is set out below:

### (a) Current Proposed Subscriptions - 415 million Warrants and US\$500 million Convertible Perpetual Securities

	1. As at the date of this announcement		2. As of Warrants exercise in full		3. As of exchange rights exercise in full		4. As of both Warrants and exchange rights exercise in full		5. As of Warrants, exchange rights, 2015 due Convertible Bonds and Company's employees' share options exercise in full <sup>(1)(2)</sup>	
	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding
Mr. Vincent H.S. LO and his associates <sup>(3)</sup>	4,573,700,505	57.15%	4,573,700,505	54.34%	4,573,700,505	49.72%	4,573,700,505	47.58%	4,573,700,505	46.28%
Brookfield	—	0.00%	415,000,000	4.93%	1,196,923,077	13.01%	1,611,923,077	16.77%	1,611,923,077	16.31%
Public	3,428,025,684	42.85%	3,428,025,684	40.73%	3,428,025,684	37.27%	3,428,025,684	35.66%	3,697,795,121	37.41%
<b>Total</b>	<b>8,001,726,189</b>	<b>100.00%</b>	<b>8,416,726,189</b>	<b>100.00%</b>	<b>9,198,649,266</b>	<b>100.00%</b>	<b>9,613,649,266</b>	<b>100.00%</b>	<b>9,883,418,703</b>	<b>100.00%</b>

**(b) Current Proposed Subscriptions including Future Subscription Rights - 442.35 million Warrants and US\$750 million Convertible Perpetual Securities**

	1. As at the date of this announcement		2. As of Warrants exercise in full		3. As of exchange rights exercise in full		4. As of both Warrants and exchange rights exercise in full		5. As of Warrants, exchange rights, 2015 due Convertible Bonds and Company's employees' share options exercise in full <sup>(1)(2)</sup>	
	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding
Mr. Vincent H.S, LO and his associates <sup>(3)</sup>	4,573,700,505	57.15%	4,573,700,505	54.16%	4,573,700,505	46.68%	4,573,700,505	44.67%	4,573,700,505	43.52%
Brookfield	—	0.00%	442,350,000	5.24%	1,795,384,615	18.33%	2,237,734,615	21.85%	2,237,734,615	21.29%
Public	3,428,025,684	42.85%	3,428,025,684	40.60%	3,428,025,684	34.99%	3,428,025,684	33.48%	3,697,795,121	35.19%
<b>Total</b>	<u>8,001,726,189</u>	<u>100.00%</u>	<u>8,444,076,189</u>	<u>100.00%</u>	<u>9,797,110,804</u>	<u>100.00%</u>	<u>10,239,460,804</u>	<u>100.00%</u>	<u>10,509,230,241</u>	<u>100.00%</u>

*Notes:*

- As at the date of this announcement, the aggregate principal amount of outstanding RMB2,720 million convertible bonds due 2015 was RMB433,500,000 which was convertible into 127,804,291 Company Shares at the conversion price of HK\$3.88 per Company Share (subject to adjustment).
- As at the date of this announcement, there were outstanding share options granted in respect of 141,965,146 Company Shares under the share option scheme adopted by the Company on 8 June 2007.
- These shares comprise (1) 1,849,521 shares beneficially owned by Mrs. Loretta CHU (“**Mrs. Lo**”), the spouse of Mr. Vincent H. S. LO (“**Mr. Lo**”), and (2) 4,571,850,984 shares held by Shui On Company Limited through its controlled corporations, comprising 1,198,103,792 shares, 1,907,173,267 shares, 183,503,493 shares, 29,847,937 shares, 573,333,333 shares and 679,889,162 shares held by Shui On Properties Limited, Shui On Investment Company Limited, Chester International Cayman Limited, New Rainbow Investments Limited, Lanvic Limited and Boswell Limited respectively. Shui On Company Limited is held under the Bosrich Unit Trust, the trustee of which is Bosrich Holdings (PTC) Inc. The units of the Bosrich Unit Trust are the property of a discretionary trust, of which Mr. Lo is a discretionary beneficiary and HSBC Trustee Limited is the trustee. Accordingly, Mr. Lo, Mrs. Lo, Bosrich Holdings (PTC) and HSBC Trustee Limited were deemed to be interested in such shares under Part XV of the SFO.

## **INFORMATION ABOUT THE COMPANY**

The Company, through its subsidiaries and associates, is one of the leading property developers in the PRC. The Company 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.

## **INFORMATION ABOUT CHINA XINTIANDI**

China Xintiandi is a separately managed, wholly-owned subsidiary of the Company, focusing principally on owning, managing, designing, leasing, marketing and enhancing premium retail, office and entertainment properties in affluent urban areas in the PRC.

## **INFORMATION ABOUT BROOKFIELD AND BROOKFIELD PROPERTY PARTNERS**

Brookfield Asset Management Inc., the ultimate beneficial owner of Brookfield, is a global alternative investment asset manager with over US\$175 billion in assets under management. The company has over a 100-year history of owning and operating assets with a focus on property, renewable power, infrastructure and private equity. It has a range of public and private investment products and services, which leverage its expertise and experience and provide the company with a competitive advantage in the markets where it operates. Brookfield is dual-listed on the New York and Toronto stock exchanges under the symbol BAM and BAM.A, respectively, and on NYSE Euronext under the symbol BAMA.

Brookfield Property Partners is a commercial real estate owner, operator and investor operating globally. Its diversified portfolio includes interests in over 300 office and retail properties encompassing approximately 250 million square feet. In addition, Brookfield Property Partners has interests in over 20,000 multi-family units, 64 million square feet of industrial space and a 18 million square foot office development pipeline.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, Brookfield and Brookfield Property Partners and the ultimate beneficial owner of each of Brookfield and Brookfield Property Partners are third parties independent of the Company and connected persons of the Company.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

Save for a rights issue completed on 22 May 2013, the Company has not carried out any equity fund raising activities in the past twelve months before the date of this announcement.

## **IMPLICATIONS UNDER THE LISTING RULES**

One or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Investment (with the corresponding reduction of the Company's holding in the issued share capital of China Xintiandi on a fully diluted basis) exceeds 25%, but all of the applicable percentage ratios are less than 75%. The Investment therefore constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and, accordingly, requires Shareholders' approval.

The Directors will, at the EGM, seek Shareholders' approval by way of an ordinary resolution to approve the Investment (including the Brookfield Further Subscription Right), as well as specific mandates for the issuance of the Warrants (with the Warrant Shares) and the Company Shares under the Exchange Right.

A circular containing, among other things, further information relating to the Investment, the Investment Agreement, the Securityholders Deed, the Exchange Agreement, the Initial Portfolio, other information required under the Listing Rules and a notice of the EGM will be despatched to the Shareholders on or around 14 November 2013.

## DEFINITIONS

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

“Applicable Redemption Price”	the redemption price of the Convertible Perpetual Securities taking into account the payment and non-payment of distributions and other customary anti-dilution adjustments, as set out in the terms and conditions of the Convertible Perpetual Securities
“Board”	the board of Directors
“BPY Bermuda Holdings”	BPY Bermuda Holdings Ltd, a company incorporated under the laws of Bermuda
“BPY Bermuda Holdings II”	BPY Bermuda Holdings II Ltd, a company incorporated under the laws of Bermuda
“Brookfield”	BSREP CXTD Holdings L.P., an exempted limited partnership organized under the laws of the Cayman Islands
“Brookfield BPY”	Brookfield BPY Holdings Inc, a company incorporated under the laws of Ontario
“Brookfield Further Subscription Right”	Brookfield’s right to further subscribe China Xintiandi Securities as described under “Further Subscription right for China Xintiandi Securities”
“Brookfield Group”	Brookfield and its affiliates but excluding the China Xintiandi Group
“Brookfield Property Partners”	Brookfield L.P, Brookfield BPY, BPY Bermuda Holdings and BPY Bermuda Holdings II
“Brookfield L.P”	Brookfield Property L.P., a limited partnership organized under the laws of Bermuda
“Business Day”	a day, other than a Saturday or Sunday, on which commercial banks are open for business in Hong Kong, the PRC and New York

“China Xintiandi”	China Xintiandi Holding Company Limited, a company incorporated in the Cayman Islands with limited liability and a wholly owned subsidiary of the Company
“China Xintiandi Group”	China Xintiandi and its subsidiaries from time to time
“China Xintiandi Listing”	the admission to listing of all or any part of the China Xintiandi Shares on the Stock Exchange or any other recognised investment exchange
“China Xintiandi Securities”	(1) any China Xintiandi Shares, (2) any other shares, interests, participations or other equivalents (however designated, whether voting or nonvoting) in the equity of China Xintiandi, (3) any Convertible Perpetual Securities and (4) any instrument, document or security granting a right of subscription for, or conversion or exchange into, any of the foregoing instruments
“China Xintiandi Shares”	the ordinary shares in the share capital of China Xintiandi
“Closing”	the completion of the Investment under the Investment Agreement
“Closing Date”	the date of Closing
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange
“Company Shares”	the ordinary shares with par value of US\$0.0025 each in the share capital of the Company
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Convertible Perpetual Securities”	the US\$ perpetual subordinated convertible securities of China Xintiandi

“Corporate Avenue 1”	Phase 1 of the Corporate Avenue, a commercial and office complex situated at Lot 110, Taipingqiao Area, Huangpu District, Shanghai, PRC
“Corporate Avenue 2”	Phase 2 of the Corporate Avenue, a commercial and office complex situated at Lot 126 and Lot 127, Taipingqiao Area, Huangpu District, Shanghai, PRC
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held for the Shareholders to approve the Investment (including the Brookfield Further Subscription Right) and to grant specific mandates for the issuances of Company Shares under the Exchange Right and the Warrants with the Warrant Shares
“Exchange Agreement”	the exchange agreement to be entered into between the Company and Brookfield at Closing, further details of which are set out in the section of this announcement entitled ‘The Exchange Agreement’
“Exchange Right”	Brookfield’s right to exchange the Convertible Perpetual Securities it holds into Company Shares
“Feng Cheng”	上海豐誠物業管理有限公司 (Shanghai Feng Cheng Property Management Co., Ltd*), a company incorporated in the PRC and a wholly owned subsidiary of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries from time to time
“The HUB”	the commercial, office, conference and exhibition centres, culture and entertainment complex located at Lot 152-1/1, Hua Cao Zhen, Min Hang District, Shanghai, PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“IFRS”	International Financial Reporting Standards

“Initial Portfolio”	Shanghai Xintiandi, Xintiandi Style, Corporate Avenue 1, Corporate Avenue 2, Shui On Plaza and The HUB
“Investment”	the investment by Brookfield of US\$500 million into China Xintiandi in return for (1) Convertible Perpetual Securities to be issued by China Xintiandi in an aggregate principal amount of US\$500 million and (2) Warrants to be issued by the Company exercisable for 415 million Company Shares, pursuant to and in accordance with the terms and conditions of the Investment Agreement
“Investment Agreement”	the investment agreement dated 31 October 2013 entered into between the Company, China Xintiandi, Brookfield and Brookfield Property Partners setting out the terms and conditions of the Investment
“Investment Amount”	the US\$500 million payable by Brookfield to China Xintiandi pursuant to the terms of the Investment Agreement
“Listing by Introduction”	a listing by introduction on the Stock Exchange in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Qualified IPO”	a China Xintiandi Listing where: <ul style="list-style-type: none"> <li>• the size of the equity offering (including both primary and secondary) is at least US\$400 million, and</li> <li>• the price per China Xintiandi Share offered is equal to or greater than the conversion price of the Convertible Perpetual Securities, plus a 5% step-up for each year beginning on the first anniversary of Closing</li> </ul>

“RMB”	Renminbi, the lawful currency of the PRC
“Securityholders Deed”	the securityholders deed to be entered into between the Company, SOL CXTD Holdco, China Xintiandi and Brookfield at Closing, further details of which are set out in the section of this announcement entitled ‘The Securityholders Deed’
“Shanghai Xintiandi”	a culture, commercial, residential and office complex situated at Lots 109-13/I, 109-I/I, 112-8/I and 112-I/I, Shanghai Xintiandi, Taipingqiao Area, Huangpu District, Shanghai, PRC
“Shareholders”	the holders of the Company Shares
“Shui On Development”	Shui On Development (Holding) Limited, a company incorporated in the Cayman Islands with limited liability and a wholly owned subsidiary of the Company
“Shui On Plaza”	a commercial and office complex building situated at 333 Huai Hai Zhong Road, Huangpu District, Shanghai, PRC
“SOL CXTD Holdco”	China Xintiandi Limited, a company incorporated in the Cayman Islands with limited liability, a wholly owned subsidiary of the Company and the immediate holding company of China Xintiandi
“SOL Group”	the Group excluding the China Xintiandi Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollar, the lawful currency of the United States
“Warrants”	warrants each to subscribe for one Company Share, as constituted by the Warrant Instrument and issued with the benefit of, and subject to, the terms and conditions set out therein

“Warrant Instrument”	the instrument to be executed as a deed by the Company constituting the Warrants
“Warrant Shares”	the Company Shares to be issued upon exercise of the Warrants
“Xintiandi Style”	a retail complex located at Lot 113, Ma Dang Road, Huangpu District, Shanghai, PRC
“%”	per cent.

*“Unless otherwise specified in this announcement and for the purpose of illustration only, US\$ is translated into HK\$ at the rate of US\$1.00 = HK\$7.78 and RMB is translated into HK\$ at the rate of RMB1.00 = HK\$1.27. No representation is made that any amounts in US\$ or RMB have been or could be converted into HK\$ at the above rate or at any other rates at all.”*

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

Hong Kong, 31 October 2013

*As at the date of this announcement, the executive Directors are Mr. Vincent H. S. LO (Chairman), Mr. Freddy C. K. LEE (Chief Executive Officer) and Mr. Daniel Y. K. WAN; the non-executive Director is Mr. Frankie Y. L. WONG; and the independent non-executive Directors are Sir John R. H. BOND, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY and Mr. David J. SHAW.*