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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)

MAJOR TRANSACTION
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL IN
BRIXWORTH INTERNATIONAL LIMITED

Sole Financial Advisor



THE DISPOSAL

The Board is pleased to announce that on 23 July 2015, Interchina International Limited (as seller) and China Xintiandi Holding Company Limited (as seller guarantor), both being indirect subsidiaries of the Company, entered into a sale and purchase agreement with Capital Gainer Limited (as purchaser) and The Link Properties Limited (as purchaser guarantor), both being indirect wholly-owned subsidiaries of The Link REIT, in relation to the sale of the entire issued share capital of Brixworth International Limited, which indirectly owns the Corporate Avenue 1 & 2 Property in Shanghai, the PRC.

The final consideration for the Disposal will be an amount (in RMB) determined based on the adjusted net assets of the Target Group at Closing, with the agreed value attributed by the parties to the Corporate Avenue 1 & 2 Property at Closing being RMB6,600,860,000, subject to a post-Closing adjustment. The parties have estimated that the final consideration will be RMB6,625,536,002 based on (i) the assets and liabilities of the Target Group as at 31 March 2015 and (ii) the estimated profit of the Target Group from 1 April 2015 to the date of Closing.

Closing of the Disposal is subject to the fulfilment (or waiver) of certain conditions precedent as further set out in this announcement. Subject to the fulfilment (or waiver) of such conditions precedent, Closing of the Disposal is expected to take place on 24 August 2015 but may be extended to 31 August 2015 by the Purchaser serving written notice on the Seller on or before 21 August 2015.

LISTING RULES IMPLICATION

As the highest of the applicable percentage ratios in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and accordingly, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Disposal.

Shui On Properties Limited, Shui On Investment Company Limited, Chester International Cayman Limited, Lanvic Limited, Boswell Limited, Merchant Treasure Limited and Doreturn Limited, which are controlled by Shui On Company Limited and which together constitute a closely allied group of Shareholders, hold 1,198,103,792 Shares, 1,450,808,826 Shares, 183,503,493 Shares, 573,333,333 Shares, 708,448,322 Shares, 150,000,000 Shares, and 293,319,781 Shares, respectively, representing approximately 56.78% of the issued share capital of the Company at the date of this announcement.

The Company has obtained the written approval of Shui On Properties Limited, Shui On Investment Company Limited, Chester International Cayman Limited, Lanvic Limited, Boswell Limited, Merchant Treasure Limited and Doreturn Limited for the Disposal pursuant to Rule 14.44 of the Listing Rules and as a result, no Shareholders' meeting will be convened to consider the Disposal.

DESPATCH OF CIRCULAR

A circular containing, among other things, further details of the Disposal and the independent valuation report on the Corporate Avenue 1 & 2 Property will be despatched to the Shareholders on or before 14 August 2015 in accordance with the Listing Rules.

WARNING

The Disposal is subject to the fulfilment (or waiver) of certain conditions precedent and may be terminated in certain circumstances. Accordingly, there is no assurance that the Disposal will be completed. Shareholders, investors in general and holders of securities of the Company should exercise caution when dealing in the securities of the Company.

1. INTRODUCTION

The Board is pleased to announce that on 23 July 2015, Interchina International Limited (as seller) and China Xintiandi Holding Company Limited (as seller guarantor), both being indirect subsidiaries of the Company, entered into a sale and purchase agreement with Capital Gainer Limited (as purchaser) and The Link Properties Limited (as purchaser guarantor), both being indirect wholly-owned subsidiaries of The Link REIT, in relation to the sale of the entire issued share capital of Brixworth International Limited. The principal terms of the Sale and Purchase Agreement are set out below.

2. SALE AND PURCHASE AGREEMENT

(a) Date

23 July 2015

(b) Parties

- (1) Seller: Interchina International Limited
- (2) Seller Guarantor: China Xintiandi Holding Company Limited
- (3) Purchaser: Capital Gainer Limited
- (4) Purchaser Guarantor: The Link Properties Limited

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

(c) Transaction

The Seller has agreed to sell, and the Purchaser has agreed to purchase, on Closing the Sale Share, representing the entire issued share capital of the Target (being Brixworth International Limited).

The Target is an investment holding company, which through its wholly-owned subsidiaries, Atlantic Best and Shanghai Xing Bang, indirectly owns the Corporate Avenue 1 & 2 Property in Shanghai, the PRC.

(d) Consideration

The final consideration for the Disposal (the “**Final Consideration**”) will be an amount (in RMB) determined based on the adjusted net assets of the Target Group at Closing with the agreed value attributed by the parties to the Corporate Avenue 1 & 2 Property at Closing being RMB6,600,860,000, subject to a post-Closing adjustment.

The parties have estimated that the Final Consideration will be RMB6,625,536,002 (the “**Initial Consideration**”) based on (i) the assets and liabilities of the Target Group as at 31 March 2015 and (ii) the estimated profit of the Target Group from 1 April 2015 to the date of Closing.

The Initial Consideration will be settled as follows:

- (1) **Deposit:** Within three Business Days after the date of the Sale and Purchase Agreement, the Purchaser will pay in US\$ the US\$ equivalent of RMB993,830,400 (being 15% of the Initial Consideration) into an escrow account (the “**Deposit**”). The Deposit will be released to the Seller at or within one Business Day after Closing as partial payment of the consideration.
- (2) **Remaining consideration amount:** At Closing, the Purchaser will pay in cash to the Seller an amount equal to 85% of the Consideration less RMB633,794,100 which is to be retained in an escrow account for the purpose of paying PRC tax in respect of the Disposal. If the amount held in escrow exceeds the tax payable, such excess shall be released to the Seller. If the amount held in escrow is insufficient to cover the tax payable, the Seller shall pay the amount of such shortfall to an escrow account for the purpose of paying the shortfall.

At Closing, the Seller shall at its sole cost and expense ensure that the Target Group has repaid all third party loans in full such that all third party rights in respect of the CA 1 & 2 Property, the Sale Share and the Target Group will have been released on and from Closing.

The Initial Consideration will be subject to a post-Closing adjustment to reflect the difference, if any, in the estimated adjusted net assets of the Target Group used in determining the Initial Consideration and the actual adjusted net assets of the Target Group at Closing. Any post-Closing adjustment amount will be paid in cash by or to the Seller (as the case may be) on or before the 14th Business Day following the determination of such post-Closing adjustment amount.

The Company will make an announcement when the Final Consideration has been determined.

The consideration of the Disposal was determined based on arm's length negotiations between the parties after taking into account (i) the premium quality, strategic location and rental profile of the Corporate Avenue 1 & 2 Property, (ii) the prevailing market conditions in Shanghai and the PRC and (iii) the independent valuation of the Corporate Avenue 1 & 2 Property in existing state at 30 June 2015 carried out by Knight Frank Petty Limited, the independent property valuer appointed by the Company, of RMB6,448,600,000. The agreed value attributed by the parties to the Corporate Avenue 1 & 2 Property at Closing (being RMB6,600,860,000) represents a premium of approximately 2.4% over the independent valuation of the Corporate Avenue 1 & 2 Property at 30 June 2015.

(e) Conditions

Closing is conditional upon the following conditions having been fulfilled (or waived in accordance with the Sale and Purchase Agreement) on or before Closing:

- (1) the approval of the Disposal by the Shareholders by way of written shareholders' approval in accordance with the requirements of Rule 14.44 of the Listing Rules and such approval not having been revoked prior to Closing;
- (2) there being no compulsory acquisition or resumption of the Corporate Avenue 1 & 2 Property or any part of it which results in or may reasonably be expected to result in a material adverse change, and no notice of such intended compulsory acquisition or resumption having been given by any governmental entity;

- (3) there being (i) no breach of any of the fundamental warranties given by the Seller and (ii) no breach of any other warranties given by the Seller which (whether alone or in aggregate with other breaches of warranties given by the Seller) result(s) in or may reasonably be expected to result in (save for certain exceptions) a material adverse change on the business, operations, assets, liabilities or financial condition of the Target Group taken as a whole or the Corporate Avenue 1 & 2 Property; and
- (4) during the period between the signing of the Sale and Purchase Agreement and Closing, no material part of the Corporate Avenue 1 & 2 Property is damaged or destroyed or becoming a dangerous building according to assessment by the relevant PRC governmental entity. For the purpose of this condition (4), “**material part**” refers to such part(s) of the Corporate Avenue 1 & 2 Property which has/have a total lettable area of 25% or more of the total lettable area of the Corporate Avenue 1 & 2 Property.

At the date of this announcement, condition (1) above has been fulfilled. The conditions (2) to (4) above may be waived by the Purchaser.

(f) Closing

Subject to the fulfilment (or waiver) of such conditions precedent, closing of the Disposal is expected to take place on 24 August 2015 but may be extended to 31 August 2015 by the Purchaser serving written notice on the Seller on or before 21 August 2015.

Following Closing, the Seller will no longer have any shareholding interests in the Target and the Target Group will cease to be the subsidiaries of the Company.

(g) Termination

If the Sale and Purchase Agreement is terminated due to non-fulfilment of any of the conditions precedent or the Seller’s failure to fully comply with its material obligations at Closing, the Deposit will be returned to the Purchaser together with any accrued interest and the Seller will pay to the Purchaser a break up fee of HK\$5,000,000 to cover professional fees incurred by the Purchaser in connection with the Disposal.

If the Sale and Purchase Agreement is terminated due to the Purchaser's failure to fully comply with its material obligations at Closing (and without prejudice to the Seller's other rights), the Deposit will be forfeited to the Seller together with any accrued interest.

(h) Guarantees

Pursuant to the Sale and Purchase Agreement, (i) the Seller Guarantor has agreed to guarantee the Seller's obligations and undertakings under the Sale and Purchase Agreement (and related transaction documents) and (ii) the Purchaser Guarantor has agreed to guarantee the payment obligations of the Purchaser under the Sale and Purchase Agreement.

3. THE CORPORATE AVENUE 1 & 2 PROPERTY

The Corporate Avenue 1 & 2 Property comprise two Premium Grade A office towers known as "Corporate Avenue 1" and "Corporate Avenue 2" and a connecting retail podium and pavilion with street shops and carparks, which are located at No. 202, Hu Bin Road, No. 222, Hu Bin Road and No. 333, South Huang Pi Road, Shanghai, the PRC.

4. UNDERTAKING FROM THE COMPANY

In connection with the Disposal, on 23 July 2015, the Company, the Seller Guarantor and the Purchaser entered into an undertaking agreement pursuant to which the Company has undertaken to provide sufficient funds to the Seller Guarantor as required to enable the Seller Guarantor to maintain a minimum consolidated net asset value of at least RMB7,000,000,000 (representing 105.65% of the Initial Consideration) for a period of two years from the date of Closing.

The undertaking will automatically terminate upon the earliest of:

- (i) two years from the date of Closing;
- (ii) any direct or indirect disposal of any interest in the Purchaser, the Target or the Corporate Avenue 1 & 2 Property by The Link Holdings Limited, provided that this shall not apply where the Purchaser or the Target will remain a direct or indirect subsidiary of The Link Holdings Limited after such disposal of the Purchaser or the Target or where the Corporate Avenue 1 & 2 Property remains in the ownership of a direct or indirect subsidiary of The Link Holdings Limited after such disposal of the Corporate Avenue 1 & 2 Property; or

(iii) a public listing of the Seller Guarantor, any of its subsidiary or any of its direct or indirect holding company on the Stock Exchange or any internationally recognized stock exchange, provided that the subsidiary or such direct or indirect holding company of the Seller Guarantor has previously entered into a deed of guarantee assuming all the obligations of the Seller Guarantor under the Sale and Purchase Agreement (and related transaction documents).

5. LICENCE AGREEMENT

At Closing, Sky Link (Hong Kong) Limited, an indirect subsidiary of the Company, will enter into a licence agreement with Shanghai Xing Bang under which the “CORPORATE AVENUE 企业天地” brand will be licensed to Shanghai Xing Bang on a royalty-free basis for use in respect of the Corporate Avenue 1 & 2 Property for an initial term of two years, automatically renewable each year thereafter up to ten years.

6. PROPERTY MANAGEMENT AND ASSET MANAGEMENT SERVICES

Pursuant to the Sale and Purchase Agreement, the Seller and the Purchaser have agreed that affiliates of the Company will assist with the handover of the Corporate Avenue 1 & 2 Property by providing transitional asset management and property management services to Shanghai Xing Bang pursuant to asset management and property management agreements to be entered into between Shanghai Xing Bang and any such affiliates at Closing.

The management fee payable under the asset management agreement is RMB300,000 while the management fees payable under the property management agreement comprise monthly payments of (i) RMB137,000 in respect of the office and retail portion of the Corporate Avenue 1 & 2 Property and (ii) RMB20 for each car parking space.

Each of the asset management agreement and property management agreement will terminate on 31 December 2015, subject to the parties agreeing before 1 December 2015 to extend such expiry term.

7. BRIDGE AGREEMENT

Pursuant to the Sale and Purchase Agreement, Shanghai Xing Bang will enter into a bridge agreement to construct a bridge connecting the Corporate Avenue 1 & 2 Property and the Corporate Avenue 3 Property, which is currently under development and indirectly owned by the Company. Pursuant to the bridge

agreement, the construction cost of the bridge will be borne by the owner of the Corporate Avenue 3 Property and the future maintenance costs of the bridge will be shared equally between Shanghai Xing Bang and the owner of the Corporate Avenue 3 Property.

8. EMPLOYMENT ARRANGEMENTS

At Closing, the employment contracts of the existing employees of the Shanghai Xing Bang will be terminated and they will be transferred to the Seller Group.

9. FINANCIAL INFORMATION ON THE TARGET GROUP

For the financial year ended 31 December 2014, the audited consolidated net asset value, turnover, profits both before and after taxation of the Target Group were approximately RMB4,464,000,000, RMB253,000,000, RMB394,000,000 and RMB286,000,000 respectively.

For the financial year ended 31 December 2013, the audited consolidated net asset value, turnover, profits both before and after taxation of the Target Group were approximately RMB4,179,000,000, RMB245,000,000,000, RMB367,000,000 and RMB283,000,000 respectively.

At 30 June 2015, the unaudited consolidated net assets of the Target Group were RMB 5,760,000,000, of which a fair valuation gain net of tax amounting to RMB 1,232,700,000 was recorded at 30 June 2015.

With reference to the carrying value of the Target Group as at 30 June 2015, and after deducting estimated tax and transaction expenses of approximately RMB 683,000,000, the Group expects that there will be a gain of approximately RMB 922,000,000 arising from the Disposal.

After taking into account the fair valuation gain of RMB 1,232,700,000 recorded at 30 June 2015, the estimated total net profit contributed to the Group from the Disposal of the Target Group will be approximately RMB 2,154,700,000.

10. REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

In order to accelerate overall asset turnover and realisation of the value of assets owned, the Company's strategy is to divest commercial properties at the right price and time. The Company considers that the Disposal represents an opportunity for the Group to realise its investment in the Corporate Avenue 1 & 2 Property at an attractive value in the prevailing market conditions, in line with the Company's strategic monetisation plan for its property portfolio.

After paying down debt and deducting the transaction costs and expenses, the Group will record net proceeds of approximately RMB4,284,000,000 upon Closing, which in turn will reduce the Group's net gearing by 15.6% with reference to the carrying value of the Company as at 31 December 2014. It is intended that the net proceeds will be used for Group financial purposes. The Directors (including the independent non-executive Directors) are of the view that the terms of the Disposal are normal commercial terms and fair and reasonable and in the interests of the Group and the Shareholders as a whole.

11. LISTING RULES IMPLICATIONS

As the highest the applicable percentage ratios in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and accordingly, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Disposal.

Shui On Properties Limited, Shui On Investment Company Limited, Chester International Cayman Limited, Lanvic Limited, Boswell Limited, Merchant Treasure Limited and Doreturn Limited, which are controlled by Shui On Company Limited and which together constitute a closely allied group of Shareholders, hold 1,198,103,792 Shares, 1,450,808,826 Shares, 183,503,493 Shares, 573,333,333 Shares, 708,448,322 Shares, 150,000,000 Shares, and 293,319,781 Shares, respectively, representing approximately 56.78% of the issued share capital of the Company at the date of this announcement.

The Company has obtained the written approval of Shui On Properties Limited, Shui On Investment Company Limited, Chester International Cayman Limited, Lanvic Limited, Boswell Limited, Merchant Treasure Limited and Doreturn Limited for the Disposal pursuant to Rule 14.44 of the Listing Rules and as a result, no Shareholders' approval will be convened to consider the Disposal.

12. DESPATCH OF CIRCULAR

A circular containing, among other things, further details of the Disposal and the independent valuation report on the Corporate Avenue 1 & 2 Property, will be despatched to the Shareholders on or before 14 August 2015 in accordance with the Listing Rules.

13. GENERAL INFORMATION

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

The Purchaser is a company incorporated in the British Virgin Islands and a special purpose vehicle indirectly and wholly-owned by The Link REIT. The Purchaser currently has no other business activity and it will solely be used to hold the Target Company and hence the Corporate Avenue 1 & 2 Property upon Closing.

The Purchaser Guarantor is a company incorporated in the Cayman Islands and a special purpose vehicle indirectly and wholly owned by The Link REIT.

The Link REIT is a collective investment scheme authorised by the SFC and the units of the Link REIT are listed on the Main Board of the Stock Exchange (stock code: 00823). HSBC Institutional Trust Services (Asia) Limited is the trustee of The Link REIT.

The Link REIT, managed by The Link Management Limited, currently has a portfolio consisting of properties with an internal floor area of approximately 11,000,000 square feet of retail space and approximately 77,000 car parking spaces in Hong Kong. All of its properties, except EC Mall in Beijing, the PRC and its related car parks, are located in Hong Kong.

14. WARNING

The Disposal is subject to fulfilment (or waiver) of certain conditions precedent and may be terminated in certain circumstances. Accordingly, there is no assurance that the Disposal will be completed. Shareholders, investors in general and holders of securities of the Company should exercise caution when dealing in the securities of the Company.

15. DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Atlantic Best”	Atlantic Best Limited, a company incorporated under the laws of Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target;
“Board”	the Board of Directors of the Company;
“Business Day(s)”	a day (other than a Saturday or Sunday or public holiday in Hong Kong, the PRC, New York or BVI or any day on which a tropical cyclone warning no.8 or above or a “black” rain warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong, the PRC, New York and BVI for general commercial business and dealings in inter-bank deposits and payments can take place;
“BVI”	the British Virgin Islands;
“Closing”	completion of the Disposal in accordance with the Sale and Purchase Agreement;
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Main Board of the Stock Exchange (stock code: 00272);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Corporate Avenue 1 & 2 Property”	the real property or properties which are located at No. 202, Hu Bin Road, No. 222, Hu Bin Road and No. 333, South Huang Pi Road, Shanghai, the PRC;
“Corporate Avenue 3 Property”	the real property or properties which are located at No. 168, Hu Bin Road, Shanghai, the PRC;
“Directors”	the directors of the Company;
“Disposal”	the disposal of the Sale Share to the Purchaser in accordance with the Sale and Purchase Agreement;

“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region of the PRC and Taiwan;
“Purchaser”	Capital Gainer Limited, a company incorporated in the BVI and an indirect wholly-owned subsidiary of The Link REIT;
“Purchaser Guarantor”	The Link Properties Limited, a company incorporated in the Cayman Islands and an indirect wholly-owned subsidiary of The Link REIT;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 23 July 2015 entered into between the Seller, the Seller Guarantor, the Purchaser and the Purchaser Guarantor;
“Sale Share”	one ordinary share of par value of US\$1.00 in the issued share capital of the Target;
“Seller”	Interchina International Limited, a company incorporated under the laws of the BVI and an indirect subsidiary of the Company;
“Seller Guarantor”	China Xintiandi Holding Company Limited, a company incorporated in the Cayman Islands and an indirect subsidiary of the Company;
“SFC”	the Securities and Futures Commission of Hong Kong;
“Shanghai Xing Bang”	Shanghai Xing Bang Properties Co., Ltd. (上海興邦房地產有限公司), a company incorporated in the PRC with limited liability and a direct wholly-owned subsidiary of Atlantic Best;
“Shareholder(s)”	the holder(s) of the Shares;

“Shares”	the ordinary shares of the Company with nominal value of US\$0.0025 each;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Target”	Brixworth International Limited, a company incorporated under the laws of the BVI, which is an indirect subsidiary of the Company;
“Target Group”	the Target, Atlantic Best and Shanghai Xing Bang;
“The Link REIT”	The Link Real Estate Investment Trust, a collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), whose units are listed on the Main Board of the Stock Exchange (stock code: 00823);
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

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

Hong Kong, 24 July 2015

At the date of this announcement, the executive Directors are Mr. Vincent H. S. LO (Chairman), Mr. Daniel Y. K. WAN and 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.

* *For identification purposes only*