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If you are in any doubt as to any aspect of this circular or as to what action to take, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shui On Land Limited, you should at once hand this circular to the purchaser or the transferee or to the bank manager, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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

NOTICE OF EXTRAORDINARY GENERAL MEETING

Sole Placement Agent and Sole Manager



Joint Solicitation Agent



J.P.Morgan

Joint Financial Advisor (in alphabetical order)

J.P.Morgan



A letter from the Board is set out on pages 7 to 38 of this circular.

A notice convening the extraordinary general meeting to be held at Concord Room 1, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wan Chai, Hong Kong on Monday, 23 December 2013 at 3:00 p.m. is set out on pages N-1 to N-2 of this circular. A proxy form for the meeting is enclosed. Whether or not you are able to attend the meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's place of business in Hong Kong at 34th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof (as the case may be), should you so wish.

* For identification purposes only

30 November 2013

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DEFINITIONS

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

“30 June Exchange Rate”	the exchange rate of US\$1.00 = RMB6.1327 as at close of business on 30 June 2013
“Adjusted Equity Value”	the adjusted equity value of the Closing China Xintiandi Group calculated by taking the equity value of the Closing China Xintiandi Group as reflected on the Closing China Xintiandi Group’s unaudited consolidated balance sheet and adjusting this figure to reflect (1) an agreed valuation of RMB24,738 million for the Initial Portfolio, (2) outstanding construction costs for the properties under development in the Initial Portfolio, (3) agreed write-offs of certain assets and (4) the loan amounts attributable to outstanding construction costs
“Announcement”	the announcement of the Company dated 31 October 2013 in relation to the Investment
“Applicable Redemption Price”	the principal amount of any Convertible Perpetual Securities still outstanding adjusted for deferral of distributions to the holders of the Convertible Perpetual Securities in accordance with their terms. Distribution payments are due semi-annually under the terms of the Convertible Perpetual Securities, but China Xintiandi has the ability to elect to not pay any distribution when due and, in that case, a record will be kept of each such distribution deferral. In the event no distribution has been deferred, then the Applicable Redemption Price will remain the principal amount of the Convertible Perpetual Securities. To the extent distributions are deferred, the Applicable Redemption Price will be adjusted upwards in accordance with a pre-agreed schedule. The schedule sets out the contractual agreement on the various Applicable Redemption Prices to come into force for the various sequences of whether distributions on the Convertible Perpetual Securities are made when due or are deferred
“Asset Appraisal”	Asset Appraisal Limited, an independent valuer
“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

DEFINITIONS

“Brookfield BPY”	Brookfield BPY Holdings Inc, a company incorporated under the laws of Ontario
“Brookfield Group”	Brookfield and its affiliates but excluding the China Xintiandi Group
“Brookfield L.P.”	Brookfield Property L.P., a limited partnership organized under the laws of Bermuda
“Brookfield Property Partners”	Brookfield L.P, Brookfield BPY, BPY Bermuda Holdings and BPY Bermuda Holdings II
“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 recognized 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
“Closing China Xintiandi Group”	the China Xintiandi Group as it will be at the Closing Date
“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

DEFINITIONS

“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 Further Investment) 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 circular 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 (for reference purposes only)), a company incorporated in the PRC and a wholly owned subsidiary of the Company
“Further Investment”	the right of SOL CXTD Holdco and Brookfield to each invest up to a further US\$250 million in return for (1) 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 a full aggregate principal amounts of US\$250 million, an additional 27.35 million Warrants to be issued by the Company (with the number of Warrants to be determined pro rata to the principal amount invested by Brookfield), exercisable for 27.35 million Company Shares and (2) 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
“GFA”	gross floor area
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 and the Company 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, as amended and restated on 27 November 2013
“Investment Amount”	the US\$500 million payable by Brookfield to China Xintiandi and the Company pursuant to the terms of the Investment Agreement
“Knight Frank”	Knight Frank Petty Limited, an independent property valuer
“Latest Practicable Date”	28 November 2013, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“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
“Post-Money Adjusted Equity Value”	RMB13,973 million, comprising the aggregate of (i) the Adjusted Equity Value of the Closing China Xintiandi Group as at 30 June 2013 and (ii) the Investment Amount
“Post-Money Equity Value”	RMB15,522 million, being the post-money equity value of the Closing China Xintiandi Group comprising the aggregate of (i) the equity value of the Closing China Xintiandi Group as reflected on the Closing China Xintiandi Group’s unaudited consolidated balance sheet as at 30 June 2013 as adjusted to reflect agreed write-offs of certain assets; and (ii) the Investment Amount

DEFINITIONS

“PRC”	the People’s Republic of China excluding, for the purpose of this circular, 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">• the size of the equity offering (including both primary and secondary) is at least US\$400 million, and• 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
“Resolutions”	the ordinary resolutions to be proposed at the EGM as set out in the notice of EGM on pages N-1 to N-2 of this circular
“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 circular entitled ‘The Securityholders Deed’
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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

DEFINITIONS

“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
“Transaction”	the Investment, the Further Investment and the transactions contemplated under the Investment Agreement, the Securityholders Deed and the Exchange Agreement
“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 circular 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.

LETTER FROM THE BOARD



瑞安房地產
SHUI ON LAND

Shui On Land Limited
瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 272)

Executive Directors:

Mr. Vincent H. S. LO (*Chairman*)
Mr. Freddy C. K. LEE (*Chief Executive Officer*)
Mr. Daniel Y. K. WAN

Non-executive Director:

Mr. Frankie Y. L. WONG

Independent Non-executive Directors:

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

Registered office:

190 Elgin Avenue
George Town
Grand Cayman KY1-9005
Cayman Islands

Principal place of business:

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

30 November 2013

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

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

AND

PROPOSED ISSUE OF WARRANTS BY THE COMPANY

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

* *For identification purposes only*

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the announcements of the Company dated 31 October 2013 and 27 November 2013 in relation to the proposed issue of Convertible Perpetual Securities by China Xintiandi and the proposed issue of Warrants by the Company.

On 31 October 2013, the Company and China Xintiandi entered into the Investment Agreement with Brookfield Property Partners and Brookfield (which Investment Agreement was subsequently amended and restated on 27 November 2013) in relation to the Investment.

Brookfield will invest an aggregate amount of US\$500 million (approximately HK\$3,890 million) into China Xintiandi and the Company, 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).

The allocation of Brookfield's Investment Amount into China Xintiandi will be split into two tranches comprising (1) US\$471 million payable to China Xintiandi in consideration for the issue by China Xintiandi of Convertible Perpetual Securities of principal amount of US\$500 million and (2) US\$29 million (representing the value of the Warrants as valued by Asset Appraisal on 31 October 2013) payable to the Company in consideration for the issue by the Company of 415 million Warrants, 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 21.94%¹ of the issued share capital of China Xintiandi, subject to limited adjustment to take into account the movements of certain non-fixed assets and liabilities in the accounts (such as cash, debts and other assets) between 30 June 2013 and Closing, to ensure that the conversion price of the Convertible Perpetual Securities reflects the position of China Xintiandi in respect of these line items at Closing.

The Post-Money Adjusted Equity Value of the Closing China Xintiandi Group of RMB13,973 million represents an approximate 9.98% discount to the Post-Money Equity Value of the Closing China Xintiandi Group of RMB15,522 million. The consideration due to China Xintiandi in respect of the issue of the Convertible Perpetual Securities is US\$471 million. This represents a 5.8% discount on the face value of the Convertible Perpetual Securities.

¹ This percentage is calculated by dividing the US\$500 million of Brookfield's Investment Amount (approximately RMB3,066 million as per the 30 June Exchange Rate) by the aggregate of the Adjusted Equity Value of the Closing China Xintiandi Group as at 30 June 2013 (RMB10,907 million) and Brookfield's Investment Amount.

LETTER FROM THE BOARD

The initial conversion price for the Convertible Perpetual Securities issued by China Xintiandi to Brookfield will be determined at Closing by dividing the Adjusted Equity Value of the Closing China Xintiandi Group immediately prior to Closing by the number of shares of China Xintiandi in issue immediately prior to Closing. As yet, both the number of China Xintiandi Shares to be in issue immediately prior to Closing and the Adjusted Equity Value of the Closing China Xintiandi Group immediately prior to Closing have yet to be determined, as such, the below example is for illustrative purposes only assuming the Adjusted Equity Value immediately prior to Closing is the same as the Adjusted Equity Value at 30 June 2013 and that 1 billion shares are in issue immediately prior to Closing:

Assumed Adjusted Equity Value of CXTD	RMB10,907 million*
Assumed number of shares in issue	1,000 million*
<hr/>	
Initial conversion price per share (RMB) [#]	RMB10.907*

Assuming no further issuance of Company Shares or rights to subscribe or convert into Company Shares by the Company after Latest Practicable Date, 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). The Company will comply with Listing Rule 15.02 in relation to the issue of the Warrants.

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 exercise its Further Investment right and invest up to a further US\$250 million (approximately HK\$1,945 million) into China Xintiandi and the Company.

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;

* For illustrative purposes only

Any initial conversion price may be subject to adjustment as set out in the terms of the Convertible Perpetual Securities

LETTER FROM THE BOARD

- 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 main purpose of this circular is to provide you with, 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 to approve the Transaction.

THE INVESTMENT AGREEMENT

Date

31 October 2013

Parties

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

LETTER FROM THE BOARD

Investment amount and securities to be issued

Under the Investment Agreement, at Closing Brookfield will invest an aggregate sum of US\$500 million 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)².

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 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;

² The allocation of Brookfield's Investment Amount into China Xintiandi will be split into two tranches comprising (1) US\$471 million payable to China Xintiandi in consideration for the issue by China Xintiandi of Convertible Perpetual Securities of principal amount of US\$500 million and (2) US\$29 million (representing the value of the Warrants as valued by Asset Appraisal on 31 October 2013) payable to the Company in consideration for the issue by the Company of 415 million Warrants, exercisable for 415 million Company Shares (subject to customary anti-dilution adjustments).

LETTER FROM THE BOARD

- (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) neither the Company nor China Xintiandi having received confirmation from their reporting accountants that the transactions contemplated under the transaction documents would result in the Company ceasing to have accounting control over China Xintiandi or the Convertible Perpetual Securities not being classified as equity in the Company's financial statements;
- (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.

LETTER FROM THE BOARD

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);

LETTER FROM THE BOARD

- (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.

LETTER FROM THE BOARD

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 and any holders of parity obligations. 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	94.2% 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

LETTER FROM THE BOARD

The distribution rates of 8.3% and 20.0% per annum were negotiated on an arm's length basis with Brookfield in the context of a broad range of inter-related commercial terms, including the conversion price of the Convertible Perpetual Securities and the redemption premium of the Convertible Perpetual Securities. They also take into account the fact that the exchange price and the Warrant exercise price are to be set at a material premium to the market price of the Company Shares at the time when terms were negotiated. In determining the distribution rates, the Company has also taken into consideration other factors such as the costs associated with various alternative financing options for the Company and China Xintiandi and has concluded that the distribution rates of 8.3% and 20.0% per annum are fair and reasonable

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

LETTER FROM THE BOARD

Redemption at the Issuer's option	<p>The Convertible Perpetual Securities may be redeemed by China Xintiandi beginning on the fifth anniversary of Closing by either (at China Xintiandi's election):</p> <ul style="list-style-type: none">• 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 (at a volume weighted average price for an agreed period prior to such redemption) as is equal in value to the Applicable Redemption Price for the Convertible Perpetual Securities to be redeemed. This option would involve the issue by the Company of Company Shares. The Company will comply with the relevant provisions of the Listing Rules in respect of the issue of such Company Shares, <p>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</p>
Redemption under certain circumstances	<p>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</p>
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 (provided that if such conversion would trigger a mandatory general offer in relation to China Xintiandi, the holder shall be permitted to exercise the conversion right in part as to not trigger a mandatory general offer)</p>

LETTER FROM THE BOARD

Conversion price	The initial conversion price is to be calculated as of the time of Closing based on the Adjusted Equity Value of the Closing China Xintiandi Group immediately prior to Closing
Conversion price adjustment	<p>The conversion price will be subject to the following adjustments:</p> <ul style="list-style-type: none">(a) customary anti-dilution adjustments such as for consolidation, subdivision or reclassification of shares, capitalisation of profits or reserves, capital distributions, rights issues, issuances below market price and other customary dilutive events; and(b) adjustments made for deferral of distributions to the holders of the Convertible Perpetual Securities in accordance with their terms. Distribution payments are due semi-annually under the terms of the Convertible Perpetual Securities, but China Xintiandi has the ability to elect to not pay any distribution when due and, in that case, a record will be kept of each such distribution deferral. In the event no distribution has been deferred, and setting aside the impact of any anti-dilution adjustments set out in (a) above, then the conversion price in the future will be the same as the initial conversion price. To the extent distributions are deferred, the conversion price will be adjusted downwards in accordance with a pre-agreed schedule. The schedule sets out the contractual agreement on the various conversion prices to come into force for the various sequences of whether distributions on the Convertible Perpetual Securities are made when due or are deferred. There are no stock price or market value based resets to the conversion price <p>Other than as set out in (a) and (b) above, once fixed at Closing, the conversion price will not be changed or adjusted</p>
Mandatory conversion into China Xintiandi Shares	<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>

LETTER FROM THE BOARD

Brookfield's change of control option

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

Upon such redemption request, China Xintiandi may elect to either:

- redeem the Convertible Perpetual Securities at their Applicable Redemption Price; or
- leave the Convertible Perpetual Securities outstanding, in which case the distribution rate then applicable will increase by 4%

On a change of control (as defined in the terms and conditions of the Convertible Perpetual Securities) of the Company or China Xintiandi, Brookfield shall be permitted to exercise its Exchange Right

PRINCIPAL TERMS OF THE WARRANTS

Issuer	The Company
Warrants issued at Closing	415,000,000 Warrants, each exercisable for one Company Share
Aggregate value of Warrants	US\$29 million (approximately HK\$226 million)
Exercise price	HK\$2.85 per Warrant Share
Exercise premium cap	<p>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</p> <p>The cap of HK\$3.62 reflects the outcome of arms-length commercial negotiations between the Company, China Xiantandi and Brookfield as part of the overall negotiation of the whole Investment and its terms including, among other things, the initial conversion price, the distribution rate of the Convertible Perpetual Securities and the terms of the Warrants. The cap also reflects a desire both to limit (a) any potential dilution to the Company's Shareholders arising from the exercise of the Warrants; and (b) the value provided to Brookfield through the issuance of the Warrants</p>

LETTER FROM THE BOARD

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. As at the Latest Practicable Date, the Company has not received any notice from Brookfield electing to exercise any Warrants
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	<p>Upon the exercise of any Warrants, the Company may, at its sole option, settle such Warrants in any one of the following manners:</p> <ul style="list-style-type: none">• issue the Warrant Shares underlying such Warrants being exercised (with the number of Warrant Shares to be limited, if applicable, by taking into account the exercise premium cap) in return for payment of the aggregate exercise price;

LETTER FROM THE BOARD

- “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

The Company still retains the right, at its sole discretion, to settle the Warrants in a customary manner; that is, through the receipt of the exercise amount and the issuance of Company Shares underlying the Warrants. The option to deliver Company Shares, “net-cash” or “net-shares” simply reflects flexibility for the Company to act in the interests of its Shareholders at the time of exercise. “Net-cash” settlement would allow the Company’s Directors to nullify any dilution by preventing the issuance of any shares and settling the instrument using cash. Equally, if circumstances supported minimizing cash outflows and instead facilitating a cash inflow (through Warrant exercise proceeds) and expanding the capital base, then the Company would have the unfettered flexibility to elect for the issuance of the agreed number of its shares in return for payment of the exercise price. The “net-share” settlement option would allow the Company to pursue a settlement mechanism somewhere in between delivery of shares and “net-cash” — minimizing dilution when compared with the traditional exercise route by delivering fewer shares while avoiding any cash outflow

After taking into account the above, the Company is of the view that these mechanisms are fair and reasonable and are structured to the interests of the Company and its shareholders

Transferability

Freely transferable

LETTER FROM THE BOARD

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 the 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 as at the Latest Practicable Date 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 Latest Practicable Date).

The aggregate value per Warrant and the Warrant Shares

The aggregate value per Warrant of HK\$3.39³ represents:

- a premium of approximately 26.2% 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 the Announcement;

³ This aggregate value is calculated by aggregating the exercise price of HK\$2.85 per Warrant and the issue price of HK\$0.54 per Warrant.

LETTER FROM THE BOARD

- a premium of approximately 30.0% 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 28.5% 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 issue price was based on an independent valuation of US\$29 million by Asset Appraisal on 31 October 2013. The Directors consider that the issue price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

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.

LETTER FROM THE BOARD

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) (i) with respect to China Xintiandi, other than certain permitted dividends or distributions, declare or pay any dividends, or make any distributions, 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, or (ii) other than as required by any applicable laws or contractual obligations existing at the date of Closing, declare or pay any dividend, or make any distribution, on or with respect to the shares in any non-wholly owned member of the China Xintiandi Group to a shareholder which is not a member of the China Xintiandi Group;
- (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);

LETTER FROM THE BOARD

- (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.

LETTER FROM THE BOARD

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) 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.

LETTER FROM THE BOARD

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

LETTER FROM THE BOARD

- 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 deferral of distributions 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. The exchange price of HK\$3.25 has been set at a premium to the current market price of the Company Shares in order to minimize potential dilution to existing Shareholders of the Company. The exchange price was determined after taking into consideration factors including the historical price performance of Company Shares, the premium of the conversion price/exercise price of various convertible/exchangeable instruments issued in the Hong Kong market and the existing target prices of research reports published by various brokerage houses. The exchange price forms part of the broader commercial agreement reached between the parties and reflects arms-length negotiations between Brookfield, the Company and China Xintiandi.

LETTER FROM THE BOARD

The maximum number of Company Shares that may be issued to holders of Convertible Perpetual Securities at the exchange price of HK\$3.25 (which is subject to adjustment to account for the payment and deferral of distributions on the Convertible Perpetual Securities and other customary anti-dilution adjustments) upon exercise of the Exchange Right is 1,196,923,077. If issued, such maximum number of Company Shares will result in 13.01% dilution to existing Shareholders.

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.

For so long as Brookfield holds China Xintiandi Securities representing at least 10% of the China Xintiandi Shares on a fully diluted basis and on a change of control (as defined in the terms and conditions of the Convertible Perpetual Securities) of the Company or China Xintiandi, Brookfield shall be permitted to exercise its Exchange Right.

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.

LETTER FROM THE BOARD

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.

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

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.

LETTER FROM THE BOARD

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 consents of the Group's existing bondholders and lenders are in the process of being obtained. The launch of the consent solicitation process in respect of (1) RMB3,500,000,000 US\$ settled 7.625% senior notes due 2015 issued by Shui On Development; (2) US\$875,000,000 9.75% senior notes due 2015 issued by Shui On Development; (3) S\$250,000,000 8% senior notes due 2015 issued by Shui On Development (Singapore) Pte. Ltd. and (4) US\$500,000,000 10.125% senior perpetual capital securities callable 2017 issued by Shui On Development was announced by the Company on 20 November 2013.

THE INITIAL PORTFOLIO

Based on a valuation carried out by Knight Frank, the total market value of the Initial Portfolio as at 30 September 2013 was RMB27,068 million. Please refer to the property valuation report set out in the section headed "Appendix II — Property Valuation Report" below. The descriptions of properties constituting the Initial Portfolio are as follows:

Property	Location	Leasable GFA of property (sq.m)
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

LETTER FROM THE BOARD

FINANCIAL INFORMATION ON CHINA XINTIANDI

Based on the unaudited 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 taxation⁴ attributable to the holding companies of the Initial Portfolio was RMB1,632,981,000 and net profit after taxation⁴ 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 taxation⁴ attributable to the holding companies of the Initial Portfolio was RMB1,974,515,000 and net profit after taxation⁴ 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 taxation⁴ attributable to the holding companies of the Initial Portfolio was RMB1,066,463,000 and net profit after taxation⁴ attributable to the holding companies of the Initial Portfolio was RMB736,330,000.

REASONS FOR THE TRANSACTION

The Directors believe that the proceeds from the Investment, and the exercise of Further Investment rights by Brookfield (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.

⁴ Net profit before taxation and net profit after taxation include historical sales of development properties and fair value gain of investment properties.

LETTER FROM THE BOARD

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 rights granted to the Brookfield Group under the Investment Agreement, the Convertible Perpetual Securities, the Warrants, the Securityholders Deed and the Exchange Agreement allowed the Company and China Xintiandi to negotiate more favourable terms for the overall Investment and accordingly the Company is of the view that the grant of such rights is 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 Latest Practicable Date, 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 Latest Practicable Date), 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 Latest Practicable Date, (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,

LETTER FROM THE BOARD

the full conversion of the outstanding convertible bonds⁵ into Company Shares and the full exercise of the outstanding share options⁶, 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 ^{5, 6}	
	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 ⁷	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	46.30%
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	35.65%	3,693,279,960	37.39%
Total	8,001,726,189	100.00%	8,416,726,189	100.00%	9,198,649,266	100.00%	9,613,649,266	100.00%	9,878,903,542	100.00%

(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 ^{5, 6}	
	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 ⁷	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	43.54%
Brookfield	—	0.00%	442,350,000	5.24%	1,795,384,615	18.33%	2,237,734,615	21.85%	2,237,734,615	21.30%
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%	3,693,279,960	35.16%
Total	8,001,726,189	100.00%	8,444,076,189	100.00%	9,797,110,804	100.00%	10,239,460,804	100.00%	10,504,715,080	100.00%

⁵ As at the Latest Practicable Date, 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).

⁶ As at the Latest Practicable Date, there were outstanding share options granted in respect of 137,449,985 Company Shares under the share option scheme adopted by the Company on 8 June 2007.

⁷ 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.

LETTER FROM THE BOARD

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, hotel 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 Latest Practicable Date (a) 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; and (b) other than pursuant to the Investment, neither Brookfield nor Brookfield Property Partners owns any securities of the Company and/or China Xintiandi, nor does either have any rights to acquire any securities of the Company and/or China Xintiandi.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save for a rights issue completed on 22 May 2013 which raised net proceeds of HK\$3,633 million which were all utilised to repay existing indebtedness of the Group, the Company has not carried out any equity fund raising activities in the past twelve months before the date of this circular.

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FINANCIAL EFFECTS OF THE TRANSACTION

At Closing of the Investment Agreement, the Group's assets are expected to increase by US\$480 million (equivalent to HK\$3,734 million) due to proceeds received from the Investment of US\$500 million (equivalent to HK\$3,890 million), net of estimated transaction costs of approximately US\$20 million (equivalent to HK\$156 million). The Convertible Perpetual Securities are accounted for as equity instruments and amount to US\$471 million (equivalent to HK\$3,664 million). Accordingly, the Group's equity is expected to increase by US\$471 million (equivalent to HK\$3,664 million) as a result of the issuance of Convertible Perpetual Securities. Distributions of the Convertible Perpetual Securities will be payable semi-annually at 8.3% per annum before the fifth anniversary of Closing, and at 20% per annum from and after the fifth anniversary of Closing, which will be deducted from the Group's profit or loss attributable to shareholders.

The Company will issue 415 million Warrants, 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). The issuance of the Warrants will lead to a liability of US\$29 million (equivalent to HK\$226 million). The revaluation of the Warrants at each reporting period end will also have an effect on income statement subjected to the valuation changes by independent qualified professional valuers.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In 2013, the PRC Government enacted economic reforms and structural adjustments, which emphasize sustainable quality growth by using market-driven measures to foster urbanization and domestic consumption. These policies have had an effect on the economic growth momentum in the PRC, and it is expected that the GDP growth in the PRC will slow down to around 7%. Whilst government administrative policies in the real estate industry are expected to remain in place in various cities across the PRC, the risk of more stringent austerity measures in the real estate industry is alleviated by the slower economic growth, and the PRC real estate market is beginning to show signs of a clearer path for future development.

One of the highlights in the remainder of the year for the Group is Phase 1 construction of THE HUB at the Hongqiao transportation hub in Shanghai, scheduled for completion by the end of 2013. Office tenants are expected to move in during the first and second quarters of 2014, and the entire project is on track for completion by the end of 2014. Enhancing integration with the Hongqiao transportation hub, THE HUB will offer offsite airport check-in and transportation services to and from the airport and train station — giving travelers the opportunity to have meetings, shop, dine and relax at THE HUB while waiting for their train and flights, which is a first in the PRC.

Despite slowing economic growth momentum, the PRC's economic rebalancing growth strategy is favourable to the Group's mixed-use property development model. The drive to boost household consumption and accelerate the development of the service sector can mitigate economic risks in an

LETTER FROM THE BOARD

uncertain global economic environment. Furthermore, the Group's mixed-use development model provides risk diversification in a frequently changing property policy environment. The new urbanization program of the PRC, a key strategic initiative under the new leadership, will expedite the development of urban and inter-city transportation network and help enhance the value of the Group's Tiandi model and Transport Hub commercial properties.

In the long term, the Directors consider that the PRC real estate market will continue to develop and grow, and the acquisition of quality projects by the Group, together with its solid financial and capital positions, will lay a sound foundation for its long-term sustainable development.

The Investment, and the exercise of Further Investment rights by Brookfield (if any), will improve the Group's overall financial position through the increase in cash level, which will also help lowering the refinancing risks in the future.

Further to this, given Brookfield's expertise in investing and managing commercial properties globally, the scope of services that Brookfield agreed to provide to the Group will create synergies between the two parties, which will enhance and integrate the Group's commercial properties platform.

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 Further Investment), as well as specific mandates for the issuance of the Warrants (with the Warrant Shares) and the Company Shares under the Exchange Right.

THE EGM

A notice convening the EGM to be held at Concord Room I, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wan Chai, Hong Kong on Monday, 23 December 2013 at 3:00 p.m. is set out on pages N-1 to N-2 of this circular. At the EGM, the Resolutions will be proposed to, amongst other things, approve the proposed issue of Convertible Perpetual Securities by China Xintiandi and the proposed issue of Warrants by the Company (including the Warrants to be issued by the Company under the Further Investment) and a specific mandate for the issuance of the Warrants (with the Warrant Shares) and the Company Shares under the Exchange Right.

A proxy form for the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's place of business in Hong Kong at 34th Floor, Shui On

LETTER FROM THE BOARD

Centre, 6-8 Harbour Road, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM and any adjourned meeting (as the case may be) if you so wish.

In accordance with Rule 13.39(4) of the Listing Rules, the chairman of the EGM will demand a poll for the Resolutions. The results of the voting will be announced after the EGM.

As no Shareholder has a material interest in the Investment, no Shareholders are required to abstain from voting on the resolutions approving the Investment and the specific mandate for the issuance of the Warrants (with the Warrant Shares) and the Company Shares under the Exchange Right.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the Transactions has been agreed on normal commercial terms after arm's length negotiations between the parties, and the terms of the Transactions are fair and reasonable and in the interests of the Shareholders as a whole. The Directors recommend the Shareholders to vote in favour of the Resolutions.

Your attention is drawn to the additional information set out in the appendices to this circular.

By Order of the Board of
Shui On Land Limited
Freddy C. K. LEE
Chief Executive Officer

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2013 is disclosed in the 2013 interim report of the Company published on 24 September 2013, from pages 38 to 67, and the audited consolidated financial statements of the Group (i) for the year ended 31 December 2012 is disclosed in the 2012 annual report of the Company published on 19 April 2013, from pages 129 to 206; (ii) for the year ended 31 December 2011 is disclosed in the 2011 annual report of the Company published on 18 April 2012, from pages 127 to 198; and (iii) for the year ended 31 December 2010 is disclosed in the 2010 annual report of the Company published on 12 April 2011, from pages 112 to 180, all of which have been published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.shuionland.com).

Statement of Indebtedness

As at the close of business on 30 September 2013, being the latest practicable date for the purpose of determining this indebtedness of the Group prior to the printing of this circular, the Group had borrowings amounting to approximately RMB39,109 million, details of which are as follows:

- (i) convertible bonds with carrying value of RMB385 million (the corresponding principal amount is RMB433.5 million) which were unsecured;
- (ii) notes with carrying value of RMB13,210 million (the corresponding principal amount is approximately RMB13,096 million) which were unsecured;
- (iii) bank and other borrowings with carrying value of approximately RMB22,181 million (the corresponding principal amount is approximately RMB22,413 million), of which RMB1,740 million (the corresponding principal amount is approximately RMB1,758 million) were unsecured, and RMB20,441 million (the corresponding principal amount is approximately RMB20,655 million) were secured by fixed charges on certain of the Group's assets;
- (iv) amounts due to non-controlling shareholders of subsidiaries of RMB597 million which were unsecured; and
- (v) loans from non-controlling shareholders of subsidiaries with principal amount of RMB2,736 million which were unsecured.

In addition, as at 30 September 2013, the Group had contingent liabilities in respect of guarantees provided by the Group relating to a joint venture company of the Group's associates for an aggregate amount not exceeding RMB345 million.

Save as aforementioned, at the close of business on 30 September 2013, the Group did not have any other outstanding borrowings, loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

Working Capital

The Directors are of the opinion that, after taking into account the internal resources available to the Group, presently available banking facilities, net proceeds from the Investment and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for the next twelve months from the date of this circular.

The following is the text of letter and valuation report prepared for the purpose of incorporation in this circular received from Knight Frank Petty Limited, an independent valuer, in connection with the valuation as at 30 September 2013 of the market values of the property interests of the Group.



4/F Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong
T: +852 2840 1177
F: +852 2104 5666
www.knightfrank.com.hk

The Directors
Shui On Land Limited
26/F Shui On Plaza
333 Huai Hai Zhong Road
Shanghai
The PRC

30 November 2013

Dear Sirs

Various Properties in the People's Republic of China

In accordance with your instructions for us to value the captioned property interests held by Shui On Land Limited (hereinafter referred to as the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 30 September 2013.

Basis of Valuation

Our valuation is our opinion of the market value of the property interest which we would define as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

Valuation Methodology

We have valued property nos. 1 to 4 in Group I which are held by the Group for investment purpose by reference to sales evidence as available on the market, and where appropriate, on the basis of capitalisation of the rental incomes as shown on the documents handed to us by the Group. We have allowed for outgoings, and where appropriate, made provisions for reversionary income potential.

For property nos. 5 and 6 in Group II which are held by the Group under development, the valuation has been arrived by adopting market-based valuation approach with reference to sales evidence of comparable properties with adjustments made to account for any difference. We have assumed that the properties will be completed in accordance with the development proposals provided to us and the relevant approvals for the proposals have been obtained. We have also taken into account the cost of development including construction costs, finance costs, professional fees and developer's profit which duly reflects the risks associated with the development of the properties.

Title Documents and Encumbrances

We have been provided with copies of extracts of title documents relating to the properties. However, we have not inspected the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us. We have relied on the information given by the Group and its legal adviser, Jin Mao PRC Lawyers, regarding the title and other legal matters relating to the properties.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restriction and outgoings of an onerous nature which could affect their values.

Source of Information

We have relied to a considerable extent on the information given by the Group and the legal opinion of the Group's legal adviser. We have no reason to doubt the truth and accuracy of the information provided to us by the Group and/ or its PRC legal adviser which is material to the valuation. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, ownership, completion dates of buildings, particulars of occupancy, tenancy details, floor and site areas, development proposals, construction costs and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to us and are therefore only approximations. We have not been able to carry out on-site measurements to verify the correctness of the site and floor areas of the properties and we have assumed that the site and the floor areas shown on the documents handed to us are correct. We were also advised by the Group that no material facts have been omitted from the information provided.

Inspection and Structural Condition

We have inspected the exterior and, where possible, the interior of the properties valued and the inspections were carried out by our Associate Director — Sunny Han, Senior Valuer — Clara Shi and Richard Mo in September 2013. However, we have not carried out site investigations to determine the suitability of ground conditions and services, etc for any future developments. Our valuations are prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

Remarks

In preparing our valuation report, we have complied with “The HKIS Valuation Standards (2012 Edition)” published by the Hong Kong Institute of Surveyors and all requirements contained in the provision of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

Currency

All money amounts stated are in Renminbi.

Our summary of values and valuation report are attached.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited
Clement W M Leung
MHKIS MRICS RPS (GP)
Executive Director
Head of China Valuation

Note: Clement W M Leung, MRICS, MHKIS, RPS (GP), has been a qualified valuer with Knight Frank Petty Limited since 1999 and has about 20 years’ experience in valuation of properties in Hong Kong, Macau, and Asia Pacific Region and has 17 years experience in valuation of properties in the People’s Republic of China.

SUMMARY OF VALUES

Property	Market value in existing state as at 30 September 2013 <i>RMB</i>	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 September 2013 <i>RMB</i>
Group I — Property interests held by the Group for investment purpose			
1 Shanghai Xintiandi Lot 109-I, 109-II, 112-I and 112-II Taipingqiao Area Huang Pu District Shanghai The PRC	4,419,000,000	100%	4,419,000,000
2 Corporate Avenue Phase 1 Lot 110 Taipingqiao Area Huang Pu District The PRC	4,525,000,000	100%	4,525,000,000
3 Xintiandi Style of Casa Lakeville 245, 259 and 281 Ma Dang Road Huang Pu District Shanghai The PRC	1,880,700,000	99%	1,861,893,000
4 Various portions of Shui On Plaza 333 Huai Hai Zhong Road Huang Pu District Shanghai The PRC	3,250,000,000	80%	2,600,000,000
Sub Total:	14,074,700,000		13,405,893,000

Property	Market value in existing state as at 30 September 2013 RMB	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 September 2013 RMB
Group II — Property interests held by the Group under development			
5 Lot 126 (Corporate Avenue Phase 2) and 127 Taipingqiao Area Huang Pu District Shanghai The PRC	6,877,000,000	99%	6,808,230,000
6 THE HUB Lot 6 of Phase 1 Hongqiao Central Business District Min Hang District Shanghai The PRC	6,116,000,000	100%	6,116,000,000
Sub Total:	<u>12,993,000,000</u>		<u>12,924,230,000</u>
Grand Total:	<u>27,067,700,000</u>		<u>26,330,123,000</u>

VALUATION REPORT

Group I — Property interests held by the Group for investment purpose

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 30 September 2013																
1 Shanghai Xintiandi Lot 109-I, 109-II 112-I and 112-II Taipingqiao Area Huang Pu District Shanghai The PRC	<p>Shanghai Taipingqiao Project is a large-scale redevelopment project and is a mixed use property development project located at the city centre of Shanghai - the Taipingqiao Area in Huang Pu District. It is located one block south of Huai Hai Zhong Road and at the intersection of Shanghai's major urban freeways.</p> <p>Shanghai Xintiandi is Phase 1 of the Shanghai Taipingqiao Project and is a mixed use property development project.</p> <p>The property comprises 4 plots of land (namely Lot 109-I, 109-II, 112-I and 112-II) and was developed as a low density commercial, hotel, entertainment and cultural complex by refurbishment of existing Shikumen buildings together with some low-rise modern buildings.</p> <p>The total site area of the property is approximately 29,706 sq m.</p> <p>The property was developed in two phases completed in 2001 and May 2002. According to the information provided, the property provides the following gross floor area:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area</th> </tr> <tr> <td></td> <td><i>sq m</i></td> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>47,556</td> </tr> <tr> <td>Office</td> <td>4,683</td> </tr> <tr> <td>Hotel</td> <td>4,726</td> </tr> <tr> <td>Car park (basement) (210 nos.)</td> <td>10,154</td> </tr> <tr> <td>Other</td> <td><u>1,774</u></td> </tr> <tr> <td>Total:</td> <td><u><u>68,893</u></u></td> </tr> </tbody> </table>	Use	Gross Floor Area		<i>sq m</i>	Retail	47,556	Office	4,683	Hotel	4,726	Car park (basement) (210 nos.)	10,154	Other	<u>1,774</u>	Total:	<u><u>68,893</u></u>	<p>Commercial/office portion of the property with a total gross floor area of approximately 46,267 sq m has been fully leased under various tenancies with the last tenancy expiring on 30 September 2020 yielding a total monthly base rental of approximately RMB20,280,000 exclusive of management fee.</p> <p>Remaining commercial/office portion of the property with a total gross floor area of approximately 1,302 sq m and 1,123 sq m are owner-occupied and vacant respectively.</p> <p>147 basement car parking spaces are let on hourly basis whilst 63 basement car parking spaces are owner-occupied.</p> <p>Clubhouse and hotel portion of the property with a gross floor area of approximately 1,234 sq m and 4,726 sq m are owner-occupied and operated as a 53-room hotel named "88 Xintiandi" respectively.</p>	<p>RMB4,419,000,000</p> <p>(100% interest attributable to the Group: RMB4,419,000,000)</p>
Use	Gross Floor Area																		
	<i>sq m</i>																		
Retail	47,556																		
Office	4,683																		
Hotel	4,726																		
Car park (basement) (210 nos.)	10,154																		
Other	<u>1,774</u>																		
Total:	<u><u>68,893</u></u>																		

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 30 September 2013
	<p>The property is located at Taipingqiao area in Huang Pu District of Shanghai and bounded by Tai Cang Road, Ma Dong Road, Huang Pi Nan Road and Zi Zhong Road. The locality is a luxury residential area comprising mainly luxury residential buildings, hotels, shopping facilities and office buildings. It takes a few minutes' walking distance to Xintiandi Metro Station and Huang Pi Nan Road Metro Station from the property.</p> <p>The property is held under a land use right term of 50 years commencing from 19 August 1998 and expiring on 18 August 2048 for composite use.</p>	<p>Advertising boards of the property is subject to various licences with a total average monthly licence fee of approximately RMB1,190,000.</p>	

*Notes:***Lot 109**

1. Pursuant to the Business Licence No. 310000400210857 (Shi Ju) dated 15 April 2013, Shanghai Ji Xing Properties Co., Ltd. ("Ji Xing"), a 100% owned subsidiary of the Company, was incorporated with a registered capital of RMB69,452,000 for a valid period from 2 February 1999 to 1 February 2049.
2. Pursuant to the Business Licence No. 310000400210849 (Shi Ju) dated 15 April 2013, Shanghai Bai Xing Properties Co., Ltd. ("Bai Xing"), a 100% owned subsidiary of the Company, was incorporated with a registered capital of RMB146,761,000 for a valid period from 2 February 1999 to 1 February 2049.
3. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Shi Zi (1999) Di 100084 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 31 May 1999, the title to the land located at Lot 109-I with a site area of approximately 5,886 sq m is vested in Ji Xing for a term commencing from 19 August 1998 and expiring on 18 August 2048 for composite use.
4. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Shi Zi (1999) Di 100083 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 31 May 1999, the title to the land located at Lot 109-II with a site area of approximately 8,558 sq m is vested in Bai Xing for a term commencing from 19 August 1998 and expiring on 18 August 2048 for composite use.
5. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Shi Zi (2001) Di 010756 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 31 December 2001, the title to the property of Lot 109-I at Tai Cang Road 181 Nong Nos. 9-12 and 25 with a total gross floor area of approximately 2,634.12 sq m is vested in Ji Xing for commercial use.
6. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Shi Zi (2001) Di 010757 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 31 December 2001, the title to the property of Lot 109-I at Tai Cang Road 181 Nong Nos. 15 and 26 with a total gross floor area of approximately 1,285.61 sq m is vested in Ji Xing for commercial use.

7. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Shi Zi (2001) Di 010758 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 31 December 2001, the title to the property of Lot 109-I at Tai Cang Road Nos. 6-8 with a total gross floor area of approximately 2,097.51 sq m is vested in Ji Xing for commercial use.
8. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Shi Zi (2001) Di 010759 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 31 December 2001, the title to the property of Lot 109-II at Tai Cang Road 181 Nong Nos. 19-23 with a total gross floor area of approximately 2,840.80 sq m is vested in Bai Xing for commercial use.
9. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Shi Zi (2001) Di 010760 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 31 December 2001, the title to the property of Lot 109-II at Tai Cang Road 181 Nong Nos. 2, 3, 5, 16 and 18 with a total gross floor area of approximately 3,434.28 sq m is vested in Bai Xing for commercial use.
10. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Shi Zi (2001) Di 010761 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 31 December 2001, the title to the property of Lot 109-II at Tai Cang Road 181 Nong Nos. 1 and 17 with a total gross floor area of approximately 3,316.59 sq m is vested in Bai Xing for commercial use.
11. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Shi Zi (2002) Di 003005 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 1 April 2002, the title to the property of Lot 109-II at Tai Cang Road Nos. 27 and 28 with a total gross floor area of approximately 7,545.94 sq m is vested in Bai Xing for commercial use.

Lot 112

12. Pursuant to the Business Licence No. 310000400210816 (Shi Ju) dated 15 April 2013, Shanghai Xing Qi Properties Co., Ltd. ("Xing Qi"), a 100% owned subsidiary of the Company, was incorporated with a registered capital of RMB266,653,000 for a valid period from 2 February 1999 to 1 February 2049.
13. Pursuant to the Business Licence No. 310000400210832 (Shi Ju) dated 15 April 2013, Shanghai Xintiandi Plaza Co., Ltd. ("Xintiandi"), a 100% owned subsidiary of the Company, was incorporated with a registered capital of RMB98,261,000 for a valid period from 2 February 1999 to 1 February 2049.
14. Pursuant to the Shanghai Real Estate Title Ownership Certificate No. Hu Fang Di Shi Zi (2001) Di 003633 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 23 May 2001, the title to the land located at Lot 112-I with a site area of approximately 6,559 sq m is vested in Xintiandi for a term commencing from 19 August 1998 and expiring on 18 August 2048 for composite use.
15. Pursuant to the Shanghai Real Estate Title Ownership Certificate No. Hu Fang Di Shi Zi (2001) Di 003634 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 23 May 2001, the title to the land located at Lot 112-II with a site area of approximately 8,703 sq m is vested in Xing Qi for a term commencing from 19 August 1998 and expiring on 18 August 2048 for composite use.
16. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Shi Zi (2002) Di 012063 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 28 November 2002, the title to the property of Lot 112-I at Xingye Road 123 Nong No. 1-3 with a total gross floor area of approximately 2,907.58 sq m is vested in Xintiandi for composite use.

17. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Shi Zi (2002) Di 012371 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 5 December 2002, the title to the property of Lot 112-II at Xingye Road 123 Nong No. 5 with a total gross floor area of approximately 7,134.37 sq m is vested in Xing Qi for composite use.
18. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Shi Zi (2002) Di 012451 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 6 December 2002, the title to the property of Lot 112-I at Xingye Road 123 Nong No. 7 with a total gross floor area of approximately 10,771.16 sq m is vested in Xintiandi for composite use.
19. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Lu Zi (2008) Di 000734 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 2 April 2008, the title to the property of Lot 112-II at Xingye Road 123 Nong No. 6 with a total gross floor area of approximately 24,936.15 sq m is vested in Xing Qi for composite use.
20. According to your specific terms of instruction to provide the market values of the clubhouse in Lot 109 and the hotel in Lot 112 as at the valuation date, the aforesaid clubhouse and hotel are RMB82,000,000 and RMB176,000,000 respectively.
21. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:
 - (i) Ji Xing, Bai Xing, Xing Qi and Xintiandi have legally obtained the land use right of the property and the ownership of the buildings erected thereon. Ji Xing, Bai Xing, Xing Qi and Xintiandi are the sole owner of the property;
 - (ii) The property is subject to four mortgages in favour of Hang Seng Bank (China) Limited, Shanghai Branch and the total consideration is HK\$432,000,000; and
 - (iii) The property can be legally used, transferred or leased by Ji Xing, Bai Xing, Xing Qi and Xintiandi subject to the PRC laws and the conditions as stipulated in the mortgage contracts.

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 30 September 2013																												
2 Corporate Avenue Phase 1 Lot 110 Taipingqiao Area Huang Pu District Shanghai The PRC	<p>Shanghai Taipingqiao Project is a large-scale redevelopment project and is a mixed use property development project upon completion located at the city centre of Shanghai - the Taipingqiao Area in Huang Pu District. It is located one block south of Huai Hai Zhong Road and at the intersection of Shanghai's major urban freeways.</p> <p>Corporate Avenue Phase 1 is part of the Shanghai Taipingqiao Project. It is a commercial development with a site area of approximately 11,119 sq m.</p> <p>Corporate Avenue Phase 1 is composed of a 3-storey commercial building and two Grade A office buildings, namely One Corporate Avenue of 21-storey and Two Corporate Avenue of 10-storey, both erected upon a common 2-storey commercial podium and a 2-level basement, which accommodates car parking spaces and other buildings facilities. It was complete in 2003. Two footbridges are on Level 2 of the commercial podium providing pedestrian links between the building blocks.</p> <p>The property provides the following approximate gross floor areas:</p>	<p>The property with a total lettable area of approximately 69,012 sq m has been leased under various tenancies with the last tenancy expiring on 30 September 2016 yielding a total monthly base rental of approximately RMB22,800,000 exclusive of management fee.</p> <p>Remaining retail and office portions of the property with a total lettable area of approximately 268 sq m are 977 sq m are vacant respectively.</p>	<p>RMB4,525,000,000</p> <p>(100% interest attributable to the Group: RMB4,525,000,000)</p>																												
	<table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area</th> </tr> <tr> <td></td> <td><i>sq m</i></td> </tr> </thead> <tbody> <tr> <td colspan="2">Retail</td> </tr> <tr> <td>Pavilion (Levels 1-3)</td> <td>1,450</td> </tr> <tr> <td>One Corporate Avenue (Levels 1-2)</td> <td>2,128</td> </tr> <tr> <td>Two Corporate Avenue (Levels 1-2)</td> <td><u>3,797</u></td> </tr> <tr> <td>Sub-total :</td> <td>7,375</td> </tr> <tr> <td colspan="2">Office</td> </tr> <tr> <td>One Corporate Avenue (Levels 3-25)</td> <td>57,981</td> </tr> <tr> <td>Two Corporate Avenue (Levels 3-11)</td> <td><u>17,799</u></td> </tr> <tr> <td>Sub-total :</td> <td>75,780</td> </tr> <tr> <td>Car park (Basement) (226 nos.)</td> <td>13,237</td> </tr> <tr> <td>Other</td> <td><u>2,468</u></td> </tr> <tr> <td>Grand Total :</td> <td><u><u>98,860</u></u></td> </tr> </tbody> </table>	Use	Gross Floor Area		<i>sq m</i>	Retail		Pavilion (Levels 1-3)	1,450	One Corporate Avenue (Levels 1-2)	2,128	Two Corporate Avenue (Levels 1-2)	<u>3,797</u>	Sub-total :	7,375	Office		One Corporate Avenue (Levels 3-25)	57,981	Two Corporate Avenue (Levels 3-11)	<u>17,799</u>	Sub-total :	75,780	Car park (Basement) (226 nos.)	13,237	Other	<u>2,468</u>	Grand Total :	<u><u>98,860</u></u>		
Use	Gross Floor Area																														
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Property	Description and tenure	Particular of occupancy	Market value in existing state as at 30 September 2013
	<p>The property is located at Taipingqiao area in Huang Pu District of Shanghai and bounded by Hu Bin Road, Shun Chang Road, Tai Cang Road and Huang Pi Nan Road. The locality is a luxury residential area comprising mainly luxury residential buildings, hotels, shopping facilities and office buildings. It takes a few minutes' walking distance to Xintiandi Metro Station and Huang Pi Nan Road Metro Station from the property.</p> <p>The property is held under a land use right term of 50 years commencing from 16 May 2001 and expiring on 15 May 2051 for composite use.</p>		

Notes:

1. Pursuant to the Business Licence No. 310000400268025 (Shi Ju) dated 15 April 2013, Shanghai Xing Bang Properties Co., Ltd. ("Xing Bang"), a 100% owned subsidiary of the Company, was incorporated with a registered capital of RMB287,595,000 for a valid period from 21 June 2001 to 20 June 2051.
2. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Shi Zi (2001) Di 010129 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 18 December 2001, the title to the land with a site area of approximately 11,119 sq m is vested in Xing Bang for a term commencing from 16 May 2001 and expiring on 15 May 2051 for composite use.
3. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Lu Zi (2004) Di 002166 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 9 March 2004, the title to the property with a total gross floor area of 98,080.47 sq m is vested in Xing Bang for composite use.
4. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:
 - (i) Xing Bang has legally obtained the land use right of the property and the ownership of the building erected thereon. Xing Bang is the sole owner of the property;
 - (ii) The property is subject to a mortgage in favour of Deutsche Bank (China) Limited, Shanghai Branch and the consideration is HK\$435,000,000; and
 - (iii) The property can be legally used, transferred or leased by Xing Bang subject to the PRC laws and the conditions as stipulated in the mortgage contract.

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 30 September 2013																				
3 Xintiandi Style of Casa Lakeville 245, 259 and 281 Ma Dang Road Huang Pu District Shanghai The PRC	<p>Shanghai Taipingqiao Project is a large-scale redevelopment project and is a mixed use property development project located at the city centre of Shanghai - the Taipingqiao Area in Huang Pu District. It is located one block south of Huai Hai Zhong Road and at the intersection of Shanghai's major urban freeways.</p> <p>Casa Lakeville (the "Development") is part of the Shanghai Taipingqiao Project located at the centre of the development zone with a site area of approximately 23,863 sq m.</p> <p>The Development is a luxury residential development mixed with commercial facilities. The property comprises a 4-level commercial podium including 2 basement levels of the Development named as "Xintiandi Style" and 113 basement car parking spaces completed in about 2010 and the detail gross floor area are listed as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area</th> </tr> <tr> <td></td> <td><i>sq m</i></td> </tr> </thead> <tbody> <tr> <td>Retail (L1)</td> <td>9,060</td> </tr> <tr> <td>Retail (L2)</td> <td>5,846</td> </tr> <tr> <td>Retail (B1)</td> <td>7,354</td> </tr> <tr> <td>Retail (B2)</td> <td><u>4,354</u></td> </tr> <tr> <td>Sub-total :</td> <td>26,614</td> </tr> <tr> <td>Car Park (Basement) (113 nos.)</td> <td>6,103</td> </tr> <tr> <td>Other</td> <td><u>11,762</u></td> </tr> <tr> <td>Grand Total :</td> <td><u><u>44,479</u></u></td> </tr> </tbody> </table> <p>The property is located at Taipingqiao area in Huang Pu District of Shanghai and bounded by Zi Zhong Road, Huang Pi Nan Road, Fu Xing Zhong Road and Ma Dang Road. The locality is a luxury residential area comprising mainly luxury residential buildings, hotels, shopping facilities and office buildings. It is directly linked to Xintiandi Metro Station.</p> <p>The land use right term of the Development has been granted for a term of 70 years commencing from 30 May 2001 and expiring in 29 May 2071 for residential use.</p>	Use	Gross Floor Area		<i>sq m</i>	Retail (L1)	9,060	Retail (L2)	5,846	Retail (B1)	7,354	Retail (B2)	<u>4,354</u>	Sub-total :	26,614	Car Park (Basement) (113 nos.)	6,103	Other	<u>11,762</u>	Grand Total :	<u><u>44,479</u></u>	<p>Retail portion of the property with a total gross floor area of approximately 21,805 sq m has been leased under various tenancies with the last tenancy expiring on 30 September 2020 yielding a total monthly rental of approximately RMB5,300,000 exclusive of management fee whilst the remaining portion of the property is vacant.</p>	<p>RMB1,880,700,000</p> <p>(99% interest attributable to the Group: RMB1,861,893,000)</p>
Use	Gross Floor Area																						
	<i>sq m</i>																						
Retail (L1)	9,060																						
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Grand Total :	<u><u>44,479</u></u>																						

Notes:

1. Pursuant to the Equity Joint Venture Contract entered into between Shanghai Fuxing Construction and Development Company Limited (“Party A”) and Hong Kong East Trend Limited dated (“Party B”) dated 8 September 2001 and the approval letter No. Hu Wai Zi Wei Xie (2005) 691 dated 7 April 2005, both parties agreed to establish a joint venture company. The salient conditions as stipulated in the joint venture contract and the approval letter are as follows:
 - (i) Name of joint venture company : Shanghai Fu Xiang Property Co., Ltd (the “Joint Venture”)
 - (ii) Period of operation : 70 years from the date of issuance of business licence
 - (iii) Total investment amount : RMB1,035,000,000 (currently change to RMB1,635,000,000)
 - (iv) Registered capital : RMB345,000,000 (currently change to RMB645,000,000) (Party A: 1%, Party B: 99%)
2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.
3. Pursuant to the Business Licence No. 0377657 dated 21 November 2007, the Joint Venture, a 99% owned subsidiary of the Company, was incorporated with a registered capital of RMB645,000,000 for a valid period from 19 December 2001 to 18 December 2071.
4. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Lu Zi (2007) Di 001859 issued by the Shanghai Housing and Land Resources Administration Bureau dated 22 May 2007, title to the land with a site area of 23,863 sq m is vested in the Joint Venture for a term commencing from 30 May 2001 and expiring in 29 May 2071 for residential use.
5. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Lu Zi (2010) Di 002729 issued by the Shanghai Planning, Land and Resources Administration Bureau dated 29 September 2010, the title to the property (commercial podium) with a total gross floor area of 26,613.62 sq m is vested in the Joint Venture.
6. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Lu Zi (2010) Di 003345 issued by the Shanghai Planning, Land and Resources Administration Bureau dated 16 December 2010, title to the property (basement carpark) with a gross floor area of 25,100.10 sq m is vested in the Joint Venture.
7. As per your specific terms of instruction to provide the breakdown of market value of the 113 basement commercial car parking spaces of the property, the aggregate market value of the aforesaid car parking spaces was approximately RMB45,200,000 as at the date of valuation.
8. We have been provided with the Group’s PRC legal adviser’s opinion, which inter-alia, contains the following:
 - (i) The Joint Venture has legally obtained the land use right of the property and the ownership of the building erected thereon. The Joint Venture is the sole owner of the property;
 - (ii) The property is subject to a mortgage in favour of Hang Seng Bank (China) Limited, Shanghai Branch and the consideration is RMB50,000,000; and
 - (iii) The property can be legally used, transferred or leased by the Joint Venture subject to the PRC laws and the conditions as stipulated in the mortgage contract.

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 30 September 2013														
4 Various portions of Shui On Plaza 333 Huai Hai Zhong Road Huang Pu District Shanghai The PRC	<p>Shui On Plaza (the "Development") is a commercial development completed in December 1996. It is situated on the southern side of Huai Hai Zhong Road and has a total gross floor area of over 77,000 sqm.</p> <p>Shui On Plaza is 23-storey Grade A office tower erected over 2 basement levels. The basement levels and Level 1 (ground level) to Level 6 are shopping arcade whilst Level 8 to Level 26 (Level 13, Level 14 & Level 24 do not exist) accommodate various office units with different sizes. A total number of 149 car parking spaces are provided on carport podium from Level 2 to Level 7.</p> <p>The property comprises various portion of the Development including 149 car parking spaces and the detail gross floor area are listed as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area</th> </tr> <tr> <td></td> <td><i>sq m</i></td> </tr> </thead> <tbody> <tr> <td>Retail (Basement 2 to Level 6)</td> <td>27,728</td> </tr> <tr> <td>Office (Levels 8 to 26)</td> <td>29,860</td> </tr> <tr> <td>Car Park (Levels 2 to 7)</td> <td>7,416</td> </tr> <tr> <td>Other</td> <td><u>811</u></td> </tr> <tr> <td>Total:</td> <td><u><u>65,815</u></u></td> </tr> </tbody> </table> <p>The property is located at Taipingqiao area in Huang Pu District of Shanghai and bounded by Huai Hai Zhong Road, Ma Dong Road, Xing'an Road. The locality is a luxury residential area comprising mainly luxury residential buildings, hotels, shopping facilities and office buildings. It is directly linked to Huang Pi Nan Road Metro Station.</p> <p>The property is held under a land use right term commencing from 11 November 1994 and expiring on 10 November 2044 for composite use.</p>	Use	Gross Floor Area		<i>sq m</i>	Retail (Basement 2 to Level 6)	27,728	Office (Levels 8 to 26)	29,860	Car Park (Levels 2 to 7)	7,416	Other	<u>811</u>	Total:	<u><u>65,815</u></u>	<p>Retail portion of the property with a total gross floor area of approximately 27,728 sq m is let under a tenancy yielding a total monthly rental of approximately RMB4,720,000 expiring on 15 February 2017.</p> <p>Office portion of the property with a total gross floor area of approximately 21,480 sq m is let under various tenancies yielding a total current monthly rental of approximately RMB6,200,000 with the last expiry date on 30 April 2018.</p> <p>Level 23 of the property with a total gross floor area of approximately 2,573 sq m is currently leased to China Xintiandi Holding Company Limited and Levels 25 and 26 of the property with a total gross floor area of approximately 5,148 sq m are currently leased to the Company whilst a gross floor area of 659 sq m is vacant.</p> <p>Majority portion of the 149 car parking spaces are let on an hourly basis whilst the remaining portion of the car parking spaces is let under various tenancies/licences. The property also has a miscellaneous income of approximately RMB112,000 per month.</p>	<p>RMB3,250,000,000</p> <p>(80% interest attributable to the Group: RMB2,600,000,000)</p>
Use	Gross Floor Area																
	<i>sq m</i>																
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Car Park (Levels 2 to 7)	7,416																
Other	<u>811</u>																
Total:	<u><u>65,815</u></u>																

Notes:

1. Pursuant to the Shanghai Real Estate Title Certificate No. Hu Fang Di Shi Zi (1997) Di 000461 issued by the Shanghai Housing and Land Administration Bureau on 18 February 1997, the land use right of the Development with a site area of 7,958 sq m and the building ownership of the Development with a total gross floor area of 77,067.72 sq m are vested in Shanghai Jiu Hai Rimmer Properties Company Limited (上海九海利盟房地產有限公司), a 80% owned subsidiary of the Company, for a land use right term commencing from 11 November 1994 to 10 November 2044 for composite use.
2. As per your specific terms of instruction to provide the breakdown of market value for owner-occupied office portion on Level 23 of the property with a total gross floor area of approximately 2,573 sq m which is currently leased to the Group with a total monthly rental of approximately RMB900,000, the aggregate market value of the aforesaid portion was approximately RMB148,700,000 as at the date of valuation.
3. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:
 - (i) Shanghai Jiu Hai Rimmer Properties Company Limited has legally obtained the land use right of the property and the ownership of the building erected thereon. Shanghai Jiu Hai Rimmer Properties Company Limited is the sole owner of the property;
 - (ii) The property is subject to a mortgage in favour of Hang Seng Bank (China) Limited, Shanghai Branch and the consideration is HK\$20,000,000; and
 - (iii) The property can be legally used, transferred or leased by Shanghai Jiu Hai Rimmer Properties Company Limited subject to the PRC laws and the conditions as stipulated in the mortgage contract.

Group II — Property interests held by the Group under development

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 30 September 2013																
5 Lot 126 (Corporate Avenue Phase 2) and 127 Taipingqiao Area Huang Pu District Shanghai The PRC	<p>Shanghai Taipingqiao Project is a large-scale redevelopment project and is a mixed use property development project located at the city centre of Shanghai - the Taipingqiao Area in Huang Pu District. It is located one block south of Huai Hai Zhong Road and at the intersection of Shanghai's major urban freeways.</p> <p>The property is part of Shanghai Taipingqiao Project and comprises Lot 126 and 127, having a total site area of approximately 25,021 sq m.</p> <p>Lot 126</p> <p>Lot 126 of Shanghai Taipingqiao Project and named as "Corporate Avenue Phase 2" has a site area of approximately 11,817 sq m and is planned to be developed into a Grade A office and retail development, the area details are listed as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area</th> </tr> <tr> <td></td> <td><i>sq m</i></td> </tr> </thead> <tbody> <tr> <td>Office</td> <td>51,496</td> </tr> <tr> <td>Retail</td> <td>16,333</td> </tr> <tr> <td>Retail (basement)</td> <td>11,622</td> </tr> <tr> <td>Car park (basement) (291 nos.)</td> <td>18,430</td> </tr> <tr> <td>Other</td> <td>7,396</td> </tr> <tr> <td>Total:</td> <td><u>105,277</u></td> </tr> </tbody> </table>	Use	Gross Floor Area		<i>sq m</i>	Office	51,496	Retail	16,333	Retail (basement)	11,622	Car park (basement) (291 nos.)	18,430	Other	7,396	Total:	<u>105,277</u>	Lot 126 and 127 are currently under construction and scheduled to be completed at the end of 2013 and the end of 2014 respectively.	RMB6,877,000,000 (99% interest attributable to the Group: RMB6,808,230,000)
Use	Gross Floor Area																		
	<i>sq m</i>																		
Office	51,496																		
Retail	16,333																		
Retail (basement)	11,622																		
Car park (basement) (291 nos.)	18,430																		
Other	7,396																		
Total:	<u>105,277</u>																		

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 30 September 2013
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Lot 127

According to the information provided to us, Lot 127 with a site area of approximately 13,204 sq m is planned to be developed into office and retail development, the area details are as follows:

Use	Gross Floor Area <i>sq m</i>
Office	54,363
Retail	16,484
Retail (basement)	10,791
Car park (basement) (379 nos.)	32,684
Other	<u>4,528</u>
Total:	<u><u>118,850</u></u>

The property is located at Taipingqiao area in Huang Pu District of Shanghai and bounded by Hu Bin Road, Shun Chang Road and Ji Nan Road. The locality is a luxury residential area comprising mainly luxury residential buildings, hotels, shopping facilities and office buildings. It takes a few minutes' walking distance to Xintiandi Metro Station from the property.

The land use right terms of the property have been granted for a term of 50 years commencing from 18 December 2003 and expiring in 17 December 2053 for commercial and office uses.

Notes:

Lot 126

1. Pursuant to the Joint Venture Contract dated 28 November 2003 and three approval letter Nos. Hu Wai Zi Wei Pi Zi (2003) Di 1904, Hu Wai Zi Wei Pi (2008) 3353 and Hu Shang Wai Zi Pi (2009) 1857 dated 29 December 2003, 27 October 2008 and 12 June 2009 respectively, Shanghai Fuxing Construction and Development Company Limited ("Party A") and Sinoco Limited ("Party B") agreed to establish a co-operative joint venture company. The salient conditions as stipulated in the Joint Venture Contract and the approval letter are cited inter alia as follows:
 - (i) Name of joint-venture company : Shanghai Xing Qiao Properties Co., Ltd. ("Xing Qiao")
 - (ii) Period of operation : 50 years from the date of issuance of business licence
 - (iii) Total investment amount : US\$230,000,000 (currently changed to US\$355,000,000)
 - (iv) Registered capital : US\$115,000,000 (currently changed to US\$234,000,000) (Party A: 1%, Party B: 99%)
2. According to the information provided, the profit sharing ratio for Xing Qiao is 1% and 99% for Party A and Party B respectively.

3. Pursuant to the Business Licence No. 310000400369703 dated 28 April 2013, Xing Qiao, a 99% owned subsidiary of the Company, was incorporated with a registered capital of US\$234,000,000 for a valid period from 18 January 2004 to 17 January 2054.
4. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Lu Zi (2006) Di 003631 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 19 December 2006, the title to the land with a site area of 11,817 sq m is vested in Xing Qiao for a term commencing from 18 December 2003 and expiring in 17 December 2053 for commercial and office uses.
5. Pursuant to the Contract for Grant of State-owned Land Use Right No. Hu Fang Di Zi (2003) Chu Rang He Tong Di 83 and its supplementary contract entered into among the Shanghai Luwan District Real Estate and Land Administration Bureau (the "Bureau"), Party B, Party A and Xing Qiao on 20 June 2003 and 15 November 2010 respectively, Xing Qiao was granted the land use right of a plot of land known as Lot 126 in Huang Pu District with a site area of 11,817 sq m. The Contract for Grant of State-owned Land Use Right to Lot 126 contains, inter alia, the following salient conditions:
 - (i) Use : composite (office and commercial)
 - (ii) Land use term : 50 years
 - (iii) Plot ratio : ≤ 5.5
 - (iv) Total Gross Floor Area : $\leq 64,993$ sq m
 - (v) Permitted site coverage : $\leq 45\%$ of site area
 - (vi) Building covenant : the proposed development must be completed on or before 31 December 2015
 - (vii) Land use right premium : US\$9,748,950
 - (viii) Land use rent : RMB1 per sq m per annum
6. Pursuant to the Construction Land Use Planning Permit Certificate No. Hu Lu Di (2006) 03060104E00003 issued by the Shanghai Luwan District Urban Planning Administration Bureau dated 16 November 2006, Lot 126 of the property with a site area of 11,800 sq m was permitted to be developed.
7. Pursuant to two Construction Engineering Planning Permit Certificates Nos. Hu Lu Jian (2009) FA31010320092795 and (2011) FA31010320110979 both issued by the Shanghai Lu Wan District Urban Planning and Land Administration Bureau dated 10 December 2009 and 2 June 2011 respectively, piling work of Lot 126 of the property was permitted to be constructed.
8. Pursuant to the Construction Engineering Planning Permit Certificate No. Hu Lu Jian (2011) FA31010320111484 issued by the Shanghai Lu Wan District Urban Planning and Land Administration Bureau dated 29 July 2011, Lot 126 of the property with a basement gross floor area of 40,833 sq m was permitted to be constructed.
9. Pursuant to the Construction Engineering Planning Permit Certificate No. Hu Huang Jian (2013) FA31010120134126 issued by the Shanghai Huang Pu District Urban Planning and Land Administration Bureau dated 30 January 2013, Lot 126 of the property with a total gross floor area of 27,808 sq m was permitted to be constructed.
10. Pursuant to four Construction Works Commencement Permits Nos. 0601LW0007D01, 0601LW0007D02, 0601LW0007D03 and 0601LW0007D04 all issued by the Shanghai Construction Management Office dated 23 June 2011, 3 August 2011, 24 August 2012 and 4 February 2013 respectively, piling work and construction works of Lot 126 of the property with a total gross floor area of 107,927 sq m was permitted to be commenced.

Lot 127

11. Pursuant to the Joint Venture Contract dated 28 November 2003 and three approval letter Nos. Hu Wai Zi Wei Pi Zi (2004) 110, Hu Wai Zi Wei Pi Zi (2007) 3719 and and Hu Shang Wai Zi Pi (2009) 2969 dated 29 January 2004, 20 August 2007 and 3 September 2009 respectively, Party A and Union Grow Limited (“Party C”) agreed to establish a co-operative joint venture company. The salient conditions as stipulated in the Joint Venture Contract and the approval letter are cited inter alia as follows:
- (i) Name of joint-venture company : Shanghai Le Fu Properties Co., Ltd. (“Le Fu”)
 - (ii) Period of operation : 50 years from the date of issuance of business licence
 - (iii) Total investment amount : US\$261,000,000 (currently increased to US\$431,000,000)
 - (iv) Registered capital : US\$130,500,000 (currently increased to US\$240,500,000) (Party A: 1%, Party C: 99%)
12. According to the information provided, the profit sharing ratio for Le Fu is 1% and 99% for Party A and Party C respectively.
13. Pursuant to the Business Licence No. 310000400372270 dated 20 December 2012, Le Fu, a 99% owned subsidiary of the Company, was incorporated with a registered capital of US\$240,500,000 for a valid period from 20 February 2004 to 19 February 2054.
14. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Lu Zi (2007) Di 000282 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 29 December 2006, the title to the land with a site area of 13,204 sq m is vested in the Le Fu for a term commencing from 18 December 2003 and expiring on 17 December 2053 for commercial and office uses.
15. Pursuant to the Contract for Grant of State-owned Land Use Right No. Hu Fang Di Zi (2003) Chu Rang He Tong Di 84 and its supplementary contract entered into among the Bureau, Party C and Party A and Le Fu on 20 June 2003 and 15 November 2010 respectively, Le Fu was granted the land use right of a plot of land known as Lot 127, Huang Pu District with a site area of 13,204 sq m. The Contract for Grant of State-owned Land Use Right to Lot 127 contains, inter-alia, the following salient conditions:
- (i) Use : composite (office and commercial)
 - (ii) Land use term : 50 years
 - (iii) Plot ratio : ≤ 5.5
 - (iv) Total Gross Floor Area : $\leq 72,622$ sq m
 - (v) Permitted site coverage : $\leq 40\%$ of site area
 - (vi) Building covenant : the proposed development must be completed on or before 31 December 2015
 - (vii) Land use right premium : US\$10,893,300
 - (viii) Land use rent : RMB1 per sq m per annum
16. Pursuant to the Construction Land Use Planning Permit Certificate No. Hu Lu Di (2006) 03060104E00004 issued by the Shanghai Luwan District Urban Planning Administration Bureau dated 16 January 2006, Lot 127 of the property with a site area of 13,200 sq m was permitted to be developed.
17. Pursuant to two Construction Engineering Planning Permit Certificates Nos. Hu Huang Jian (2012) FA31010120125192 and (2013) FA31010120134417 both issued by the Shanghai Huang Pu District Urban Planning and Land Administration Bureau dated 31 December 2012 and 11 April 2013 respectively, piling work and construction works of Lot 126 of the property with a basement gross floor area of 43,475 sq m was permitted to be constructed.

18. Pursuant to two Construction Works Commencement Permits Nos. 0601LW0006D01 and 0601LW0006D02 both issued by the Shanghai Construction Management Office dated 8 January 2013 and 26 April 2013 respectively, piling work and construction works of Lot 127 of the property with a basement gross floor area of 43,475 sq m was permitted to be commenced.
19. As per your instruction to provide the breakdown of market values for Lot 126 and Lot 127 of the property, market values of Lot 126 and Lot 127 of the property as at the date of valuation were approximately RMB3,736,000,000 and RMB3,141,000,000 respectively.
20. As advised by the Group, the outstanding construction cost of Lot 126 and Lot 127 of the property as at the valuation date were approximately RMB471,500,000 and RMB1,008,400,000 respectively. Accordingly, we have taken into account the said costs in our valuation. In our opinion, the gross development value of Lot 126 and Lot 127 of the property, assuming they were complete as at the valuation date, were estimated approximately as RMB4,608,000,000 and RMB4,932,000,000 respectively.
21. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:
 - (i) Xing Qiao and Le Fu have legally obtained the land use right of the property and are the sole owner of the land use right of the property;
 - (ii) Xing Qiao and Le Fu have obtained all necessary approvals, permits and registration for the construction of the property and the construction is complied with relevant regulations;
 - (iii) Lot 126 of the property is subject to a mortgage in favour of Shanghai Pudong Development Bank Lu Wan Branch and the consideration is RMB900,000,000;
 - (iv) Lot 127 of the property is subject to a mortgage in favour of United Overseas Bank (China) Limited Shanghai Branch and the consideration is RMB1,500,000,000; and
 - (v) The property can be legally used, transferred or leased by Xing Qiao and Le Fu subject to the PRC laws and the conditions as stipulated in the mortgage contracts.

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 30 September 2013
6 THE HUB Lot 6 of Phase 1 Hongqiao Central Business District Min Hang District Shanghai The PRC	Shanghai Hongqiao Central Business District sprawls over more than 86 sq km. The main functional area of Hongqiao Central Business District takes up 27 sq km - boarding Beidi Road in the north, Hu-Yu Expressway in the south, the Outer Ring Expressway in the east and the existing railway outer-ring in the west.	The property is currently under construction and scheduled to be complete at the end of 2013 to the end of 2014.	RMB6,116,000,000 (100% interest attributable to the Group: RMB6,116,000,000)

According to the information provided by Shanghai Hongqiao Central Business District, the first phase of the main functional area of Hongqiao Central Business District covers 1.43 sq km. The total build-up area has a plan of 1,700,000 sq m, which may allocate 57 percent for offices, 12 percent for retails, 5.5 percent for entertainment venues, 6.5 percent for hotels and 10 percent for exhibition spaces.

The property comprises Lot 6 of Phase 1 of Hongqiao Central Business District named "THE HUB" which, according to the information provided, includes two sub-lots, namely D17 and D19, with a total site area of 62,299 sq m.

According to the information provided to us, the property is planned to be developed into office, retail, hotel (403 rooms) and exhibition hall development, the area details are listed as follows:

D17

Use	Gross Floor Area <i>sq m</i>
Office	74,864
Retail	6,609
Hotel	<u>31,046</u>
Sub-total:	112,519
Office (basement)	3,020
Retail (basement)	11,095
Hotel (basement)	13,282
Car park (basement)(670 nos.)	41,712
Public facilities	<u>845</u>
Total:	<u><u>182,473</u></u>

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 30 September 2013
	D19		
	Use	Gross Floor Area	
		<i>sq m</i>	
	Office	16,394	
	Retail	89,934	
	Exhibition Hall	<u>11,003</u>	
	Sub-total:	117,331	
	Retail (basement)	19,999	
	Car park (basement) (699 nos.)	63,202	
	Public facilities	<u>4,287</u>	
	Total:	<u><u>204,819</u></u>	

The property is located at Hongqiao Central Business District in Min Hang District of Shanghai and bounded by Shen Chang Road, Shen Hong Road, Zhou Hong Road and Su Hong Road. The locality comprises mainly residential buildings. It takes a few minutes' walking distance to Shanghai Hongqiao Railway Station (Metro Station and High-Speed Railway) and Terminal 2 of Shanghai Hongqiao International Airport from the property.

The land use right terms of the property have been granted for a term of 40 years for commercial and entertainment uses and 50 years for office and composite uses.

Notes:

1. Pursuant to the Business Licence No. 310000400639713 (Shi Ju) dated 23 March 2011, Shanghai Rui Qiao Properties Co., Ltd. ("Rui Qiao), a wholly foreign owned subsidiary of the Company, was incorporated with a registered capital of RMB3,900,000,000 for a valid period from 28 December 2010 to 27 December 2060.
2. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Min Zi (2011) Di 028803 issued by the Shanghai Planning, Land and Resources Administration Bureau dated 28 July 2011, the title to the land (D17) with a site area of 29,663.7 sq m is vested in Rui Qiao for terms of 40 years commencing from 29 April 2011 for commercial and entertainment uses and 50 years for office and composite uses.
3. Pursuant to the Shanghai Real Estate Ownership Certificate No. Hu Fang Di Min Zi (2011) Di 028806 issued by the Shanghai Planning, Land and Resources Administration Bureau dated 28 July 2011, the title to the land (D19) with a site area of 32,635.7 sq m is vested in Rui Qiao for terms of 40 years commencing from 29 April 2011 for commercial and entertainment uses and 50 years for office and composite uses.

4. Pursuant to the Contract for Grant of State-owned Construction Land Use Right No. Hu Gui Tu Zi (2011) Chu Rang He Tong Di 14 between the Shanghai Planning, Real Estate and Land Administration Bureau (the "Bureau") and Rui Qiao on 15 March 2011, the former party agreed to grant the land use right of a plot of land with a site area of 62,299.40 sq m to Rui Qiao. The Contract for Grant of State-owned Construction Land Use Right contains, inter alia, the following salient conditions:
- (i) Land use : composite (office, commercial and entertainment)
 - (ii) Land use term : 40 years for commercial and entertainment uses and 50 years for office and composite uses
 - (iii) Total Gross Floor Area : \leq 286,135 sq m (of which 233,140 sq m for above ground and 52,995 sq m for below ground commercial)
 - (iv) Permitted building height : \leq 43 m
 - (v) Building covenant : the construction work of the proposed development should be commenced before 31 December 2011 and proposed development must be completed before 31 December 2012 (As advised by the Company, the deadline for completion of the proposed development was postponed to 31 December 2014)
 - (vi) Land grant fee : RMB3,188,000,000
5. Pursuant to the Construction Land Use Planning Permit Certificate No. Hu Hong Qiao Di (2011) EA31004220110948 issued by the Shanghai Planning, Land and Resources Administration Bureau dated 29 June 2011, the property with a site area of 62,299.4 sqm was permitted to be developed.
6. Pursuant to two Construction Engineering Planning Permit Certificates Nos. Hu Hong Qiao Jian (2011) FA31004220111753 and FA31004220112549 both issued by the Shanghai Planning, Land and Resources Administration Bureau dated 9 September 2011 and 29 December 2011 respectively, piling works of the property was permitted to be constructed.
7. Pursuant to three Construction Engineering Planning Permit Certificates Nos. Hu Hong Qiao Jian (2012) FA31004220120124, FA31004220124760 and FA31004220125071 all issued by the Shanghai Planning, Land and Resources Administration Bureau dated 13 February 2012, 14 September 2012 and 2 December 2012 respectively, construction works of portion of the property (D17) with a total gross floor area of 105,174 sq m was permitted to be constructed.
8. Pursuant to the Construction Engineering Planning Permit Certificate No. Hu Hong Qiao Jian (2012) FA31004220120252 issued by the Shanghai Planning, Land and Resources Administration Bureau dated 27 March 2012, construction works of portion of the property (D19) with a basement gross floor area of 84,198 sq m was permitted to be constructed.
9. Pursuant to three Construction Engineering Planning Permit Certificates Nos. Hu Hong Qiao Jian (2012) FA31004220125163, FA31004220125164 and FA31004220125165 all issued by the Shanghai Planning, Land and Resources Administration Bureau dated 25 December 2012, construction works of portion of the property (D19) with a total gross floor area of 108,899 sq m was permitted to be constructed.
10. Pursuant to three Construction Engineering Planning Permit Certificates Nos. Hu Hong Qiao Jian (2013) FA31004220134075, FA31004220134076 and FA31004220134078 all issued by the Shanghai Planning, Land and Resources Administration Bureau dated 22 January 2013, construction works of portion of the property (D17) with a total gross floor area of 85,446 sq m was permitted to be constructed.
11. Pursuant to two Construction Works Commencement Permits Nos. 11HSMH0002D01 and 11HSMH0003D01 both issued by the Shanghai Construction Management Office dated 31 December 2011, construction works of portion of the property (D19) was permitted to be commenced.

12. Pursuant to two Construction Works Commencement Permits Nos. 10HSMH0002D01 and 10HSMH0003D01 both issued by the Shanghai Construction Management Office dated 13 January 2012, piling works of the property (D17) was permitted to be commenced.
13. Pursuant to two Construction Works Commencement Permits Nos. 10HSMH0002D02 and 10HSMH0003D02 both issued by the Shanghai Construction Management Office dated 29 February 2012, construction works of the property (D17) with a total basement gross floor area of 69,954 sq m was permitted to be commenced.
14. Pursuant to two Construction Works Commencement Permits Nos. 11HSMH0002D02 and 11HSMH0003D02 both issued by the Shanghai Construction Management Office dated 31 March 2012, construction works of the property (D19) with a total basement gross floor area of 84,198 sq m was permitted to be commenced.
15. Pursuant to five Construction Works Commencement Permits Nos. 10HSMH0002 D03, 10HSMH0003 D03 dated 25 October 2012 and 17 December 2012 respectively and 10HSMH0002 D04, 10HSMH0002 D05 and 10HSMH0003 D04 all dated 28 January 2013 issued by the Shanghai Construction Management Office, construction works of the property (D17) with a total gross floor area of 120,666 sq m was permitted to be commenced.
16. Pursuant to three Construction Works Commencement Permits Nos. 11HSMH0002D03, 11HSMH0003D03 and 11HSMH0003D04 all issued by the Shanghai Construction Management Office dated 26 December 2012, construction works of portion of the property (D19) with a total gross floor area of 108,899 sq m was permitted to be commenced.
17. As advised by the Group, the total construction cost incurred and outstanding construction cost as at the valuation date was approximately RMB1,398,700,000 and RMB2,097,700,000 respectively. Accordingly, we have taken into account the said cost in our valuation. In our opinion, the gross development of the proposed developments of the property upon completion, assuming it were complete as at the valuation date, was estimated approximately as RMB9,493,000,000.
18. As per your specific terms of instruction to provide the breakdown for hotel portion of the property, the apportioned value of the said hotel portion with a total gross floor area of 44,328 sq m and associated 185 basement car parks, as at the valuation date was approximately RMB744,000,000. Accordingly, as advised by the Group, the construction cost incurred and outstanding construction cost of the said portion as at the valuation date were approximately RMB179,000,000 and RMB449,300,000 respectively. In our opinion, the gross development value of the said portion, assuming it were complete as at the valuation date, was estimated approximately as RMB1,376,000,000.
19. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:
 - (i) Rui Qiao has legally obtained the land use right of the property and are the sole owner of the land use right of the property;
 - (ii) Rui Qiao has obtained all necessary approvals, permits and registration for the construction of the property and the construction is complied with relevant regulations;
 - (iii) The property is subject to three mortgages in favour of Bank of China Limited, Lu Wan Branch and the total bank loan borrowed by Rui Qiao is up to RMB3,600,000,000; and
 - (iv) The property can be legally used, transferred or leased by Rui Qiao subject to the PRC laws and the conditions as stipulated in the mortgage contracts.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(A) Interests of Directors of the Company

At the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) to be notified to the Company and the Stock Exchange were as follows:

(a) Long position in the shares and the underlying shares of the Company

Name of Directors	Number of ordinary shares			Interests in the underlying shares Share Options (Note 4)	Total	Approximate percentage of interests to the issued share capital of the Company at the Latest Practicable Date (Note 5)
	Personal interests	Family interests	Other interests			
Mr. Vincent H. S. LO	—	1,849,521 (Note 1)	4,571,850,984 (Note 2)	—	4,573,700,505	57.15%
Mr. Freddy C. K. LEE	381,333	244,666 (Note 3)	—	8,290,078 (Note 3)	8,916,077	0.11%
Mr. Daniel Y. K. WAN	—	—	—	7,363,231	7,363,231	0.09%
Dr. William K. L. FUNG	5,511,456	—	—	—	5,511,456	0.06%
Professor Gary C. BIDDLE	305,381	—	—	—	305,381	0.0038%

Notes:

- (1) These interests were beneficially owned by Ms. Loletta CHU (“**Mrs. Lo**”), the spouse of Mr. Vincent H. S. LO (“**Mr. Lo**”). Mr. Lo was deemed to be interested in such shares under Part XV of the SFO.

- (2) These interests were held by Shui On Company Limited (“SOCL”) 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 (“SOP”), Shui On Investment Company Limited (“SOI”), Chester International Cayman Limited (“Chester International”), New Rainbow Investments Limited (“NRI”), Lanvic Limited (“Lanvic”) and Boswell Limited (“Boswell”) respectively. SOCL is held under the Bosrich Unit Trust, the trustee of which is Bosrich Holdings (PTC) Inc. (“Bosrich”). The units of the Bosrich Unit Trust are the property of a discretionary trust, of which Mr. Lo is a discretionary beneficiary and HSBC International Trustee Limited (“HSBC Trustee”) is the trustee. Accordingly, Mr. Lo, Mrs. Lo, Bosrich and HSBC Trustee were deemed to be interested in such shares under Part XV of the SFO.
- (3) Mr. Freddy C. K. LEE was deemed to be interested in 244,666 shares and 1,011,393 share options held by his spouse under Part XV of the SFO.
- (4) These represent the interests of share options granted to the Directors and/or their associate(s) under the share option scheme adopted by the Company on 8 June 2007 to subscribe for shares of the Company.
- (5) These percentages have been compiled based on the total number of issued shares (i.e. 8,001,726,189 shares) at the Latest Practicable Date.

(b) *Interests in the debentures of the Company*

Name of Director	Nature of Interests	Amount of Debentures
Dr. William K. L. FUNG	Interest of controlled corporation	RMB12,700,000

(c) *Interests in the debentures of the associated corporation of the Company*

Name of Director	Name of Associated Corporation	Nature of Interests	Amount of Debentures
Sir John R. H. BOND	Shui On Development (Holding) Limited	Personal interests	RMB5,000,000
Dr. William K. L. FUNG	Shui On Development (Holding) Limited	Family interests	USD500,000

Save as disclosed above, at the Latest Practicable Date, none of the Directors or the chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

At the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have since 31 December 2012 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

At the Latest Practicable Date, saved as disclosed in this circular, none of the Directors was materially interested in any contract or arrangement, which was subsisting and was significant in relation to the business of the Group.

At the Latest Practicable Date, save as disclosed below, none of the Directors of the proposed Directors is a director or employee of a company which had an interest or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of companies which had such discloseable interest or short position	Position within such companies
Mr. Lo	SOCL, SOP, SOI, NRI and Boswell	Director
Mr. Frankie Y. L. WONG	SOCL, SOP, SOI and Boswell	Director

3. MATERIAL LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance that is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

4. EXPERTS AND CONSENTS

The following is the qualification of experts who have provided advice referred to or contained in this circular:

Name	Qualification
Knight Frank Petty Limited	Property valuer
Asset Appraisal Limited	Asset appraiser
Jin Mao PRC Lawyers	PRC legal adviser

Knight Frank Petty Limited, Asset Appraisal Limited and Jin Mao PRC Lawyers have each given and have not withdrawn their written consent to the issue of this circular with the inclusion of its letter of advice and references to its name in the form and context in which they respectively appear.

5. EXPERTS' INTEREST

As at the Latest Practicable Date, Knight Frank Petty Limited, Asset Appraisal Limited and Jin Mao PRC Lawyers:

- (a) did not have any shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; and
- (b) were not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2012 (being the date to which the latest published audited financial statements of the Company were made up).

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, with any member of the Group, a service agreement which is not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

7. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contract entered into in the ordinary course of business) within the two years preceding the date of this circular:

- (a) the underwriting agreement dated 28 March 2013 and entered into between the Company, BNP Paribas Securities (Asia) Limited, Standard Chartered Securities (Hong Kong) Limited, UOB Kay Hian (Hong Kong) Limited (together, the “**Underwriters**”) and Shui On Company Limited in relation to the issue (the “**Rights Issue**”) by the Company of the new shares (“**Rights Shares**”) at the subscription price of HK\$1.84 per Rights Share on the basis of one Rights Share for every three existing shares of the Company pursuant to which an underwriting fee of HK\$110 million (which equals 3% of the aggregate subscription price) was payable to the Underwriters, as set out in the Company’s announcements dated 28 March 2013 and 20 May 2013;
- (b) the irrevocable undertaking to purchase shares dated 28 March 2013 from Shui On Company Limited to the Company, BNP Paribas Securities (Asia) Limited, Standard Chartered Securities (Hong Kong) Limited and UOB Kay Hian (Hong Kong) Limited in relation to the Rights Issue as set out in the Company’s announcement dated 28 March 2013; and
- (c) the framework swap agreement (the “**Swap Agreement**”) dated 30 September 2013 and entered into between Shui On Development and Investor (as defined in the Swap Agreement) (the “**Investor**”) pursuant to which, amongst other things, (i) the Investor has agreed to transfer all shares in Fieldcity Investments Limited, Foresight Profits Limited,

Score High Limited and Rightchina Limited held by the Investor at completion of restructuring pursuant to the terms of the Swap Agreement to Shui On Development; and (ii) Shui On Development has agreed to transfer 51 shares in the capital of Portspin Limited (“**Portspin**”) to Taipingqiao 116 Development Company Limited (“**Taipingqiao 116**”) pursuant to which the Total Amount (as defined in the Company’s circular dated 28 October 2013), that is, RMB943,520,628 (to be adjusted at completion of the Swap Agreement) will be paid to Shui On Development as set out in the Company’s announcement dated 30 September 2013 and the Company’s circular dated 28 October 2013);

- (d) the joint venture agreement in relation to Portspin dated 30 September 2013 entered into between Shui On Development, Taipingqiao 116 and Portspin, pursuant to which Shui On Development and Taipingqiao 116 shall, upon completion of restructuring under the Swap Agreement, form a joint venture in respect of Portspin (the “**Portspin JV**”). A capital contribution in an amount equal to the Total Amount referred to in paragraph (c) above shall be contributed to the Portspin JV as set out in the Company’s announcement dated 30 September 2013 and the Company’s circular dated 28 October 2013); and
- (e) the Investment Agreement the terms of which are set out in this circular.

8. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2012 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

9. INTEREST OF DIRECTORS IN COMPETING INTERESTS

Mr. Lo is an executive Director and the Chairman of the Company, as well as the ultimate controlling shareholder, chairman and chief executive officer of SOCL and its subsidiaries (excluding SOCAM Development Limited (“**SOCAM**”) and its subsidiaries) (the “**Shui On Group**”). The core businesses of the Shui On Group include property development and investment projects in Hong Kong, New York and the PRC, as more fully described in the section headed “Relationship with the Shui On Group” of the Company’s listing prospectus dated 20 September 2006 (the “**Listing Prospectus**”). The Company has entered into a deed of non-competition dated 30 May 2006 with SOCL and Mr. Lo pursuant to which SOCL and Mr. Lo have severally undertaken not to compete with the business of the Company. For more details, see the section headed “Relationship with the Shui On Group” of the Listing Prospectus. In addition, Mr. Lo is also the chairman and controlling shareholder of SOCAM, which is engaged in property development in the PRC.

Saved as disclosed above, as at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business which competes or may compete with the business of the Group, or has or may have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

10. GENERAL

- (a) The registered office of the Company is at 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is at 34th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong.
- (c) The principal share registrar and transfer office of the Company is Royal Bank of Canada Trust Company (Cayman) Limited, 4th Floor, Royal Bank House, 24 Shedden Road, George Town Grand Cayman KY1-1110, Cayman Islands.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (e) The company secretary of the Company is Mr. UY Kim Lun, a qualified lawyer in Hong Kong.
- (f) This circular is in both English and Chinese. In the event of inconsistency, the English text shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at 34th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong from the date of this circular and up to and including 16 December 2013:

- (a) the memorandum and articles of association of the Company;
- (b) each of the material contracts referred to in the section headed "7. Material Contracts" in this appendix;
- (c) the annual reports of the Company for the years ended 31 December 2011 and 2012;
- (d) the interim report of the Company for the six months ended 30 June 2013;
- (e) the written consents referred to in paragraph headed "4. Experts and Consents" of this appendix;
- (f) a copy of the valuation report of Knight Frank Petty Limited, the text of which is set out in Appendix II to this circular;
- (g) a copy of the circular issued by the Company dated 28 October 2013; and
- (h) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Shui On Land Limited 瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 272)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Shui On Land Limited (the “**Company**”) will be held at Concord Room I, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wan Chai, Hong Kong on 23 December 2013 at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the investment by BSREP CXTD Holdings L.P. (“**Brookfield**”) of US\$471 million into China Xintiandi Holding Company Limited (“**China Xintiandi**”) in consideration for convertible perpetual securities to be issued by China Xintiandi (“**Convertible Perpetual Securities**”) in an aggregate principal amount of US\$500 million and US\$29 million into the Company in consideration for 415 million warrants to be issued by the Company (“**Warrants**”) exercisable for 415 million shares of US\$0.0025 each in the capital of the Company (“**Company Shares**”) (subject to adjustment), pursuant to and in accordance with the terms and conditions of the investment agreement entered into by, inter alia, the Company, China Xintiandi and Brookfield on 31 October 2013 (as amended and restated on 27 November 2013) (the “**Investment Agreement**”);
- (b) the right of Brookfield, pursuant to a securityholders deed to be entered into by, inter alia, the Company, China Xintiandi and Brookfield upon the issue of the Convertible Perpetual Securities and Warrants as contemplated by resolution 1(a) above (the “**Securityholders Deed**”), to invest up to a further US\$250 million into China Xintiandi and the Company in consideration for additional Convertible Perpetual Securities in an aggregate principal amount up to US\$250 million to be issued by China Xintiandi and up to 27.35 million Warrants exercisable into up to 27.35 million Company Shares (subject to adjustment) to be issued by the Company (with the number of Warrants to be determined pro rata to the principal amount invested by Brookfield); and

* *For identification purposes only*

NOTICE OF EXTRAORDINARY GENERAL MEETING

(c) the transactions contemplated under (i) the Investment Agreement, (ii) the Securityholders Deed and (iii) the exchange agreement to be entered into by the Company and Brookfield upon the issue of the Convertible Perpetual Securities and Warrants as contemplated by resolution 1(a) above setting out, amongst other things, Brookfield's right to exchange Convertible Perpetual Securities into Company Shares (the "**Exchange Agreement**"), in relation thereto, contemplated thereunder or in connection therewith,

be and are hereby approved, ratified and confirmed;"

2. "**THAT** subject to the passing of resolution 1,

(a) the specific mandate to issue to Brookfield up to 442,350,000 Warrants each to subscribe for one Company Share (subject to adjustment) be and is hereby approved and confirmed; and

(b) the specific mandate to issue to Brookfield Company Shares to allow it to exchange the Convertible Perpetual Securities it holds (issued pursuant to resolution 1(a) and/or 1(b) above) into Company Shares pursuant to the terms of the Exchange Agreement and/or the Securityholders Deed at the exchange price per share of HK\$3.25 (subject to adjustment) be and is hereby approved and confirmed;"

3. "**THAT** the Board be and is hereby authorised for and on behalf of the Company to execute all such documents and agreements and do such acts or things as they may in their absolute discretion consider to be necessary, desirable or expedient to implement or give effect to or in connection with or incidental to the resolutions contemplated above and the transactions contemplated by the Investment Agreement, the Securityholders Deed and the Exchange Agreement and to agree to such variation, amendment or waiver as are, in the absolute opinion of the Board, in the interests of the Company."

By Order of the Board of
Shui On Land Limited
UY KIM LUN
Company Secretary

Hong Kong, 30 November 2013

Notes:

- (1) Any member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
- (2) To be valid, a proxy form, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be lodged with the Company's place of business in Hong Kong at 34th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of a proxy form will not preclude a member from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be), should he so wish.
- (3) The ordinary resolutions as set out above will be taken by way of poll.