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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

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

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**Shui On Land Limited**  
**瑞安房地產有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 272)**

**MAJOR TRANSACTION**

**FRAMEWORK AGREEMENT  
IN RELATION TO  
THE DISPOSAL OF PROPERTIES  
IN WUHAN, HUBEI, THE PRC**

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A letter from the Board is set out on pages 5 to 17 of this circular.

\* *For identification purposes only*

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## DEFINITIONS

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

“A1 Disposal”	the proposed disposal of the A1 Property by WHSO pursuant to the Framework Agreement and the A1 Pre-sale Contracts;
“A1 Final Price”	has the meaning ascribed to it under the paragraph headed “2. The Framework Agreement — Procurement Agreement and Disposal of the A1 Property — Disposal of the A1 Property and A1 Pre-sale Contracts — Consideration” in this circular;
“A1 Individual Property Title Certificates”	the property ownership certificates (房屋所有權證) issued to the property owner(s) by the relevant government authority in respect of the A1 Property;
“A1 Initial Price”	has the meaning ascribed to it under the paragraph headed “2. The Framework Agreement — Procurement Agreement and Disposal of the A1 Property — Disposal of the A1 Property and A1 Pre-sale Contracts — Consideration” in this circular;
“A1 Initial Property Title Certificates”	the building initial registration certificates (房屋初始登記證明) issued to a property developer by the relevant government authority in respect of the A1 Property;
“A1 Pre-sale Contracts”	the pre-sale contracts (預售合同) in respect of the pre-sale of the A1 Property;
“A1 Pre-sale Price”	has the meaning ascribed to it under the paragraph headed “2. The Framework Agreement — Procurement Agreement and Disposal of the A1 Property — Disposal of the A1 Property and A1 Pre-sale Contracts — Consideration” in this circular;
“A1 Property”	a commercial project under construction located in Lot A123 in the Jiang’an District, Wuhan, Hubei, the PRC, which comprises a super high-rise tower for office and hotel uses (subject to the Change of Planning of the Hotel Portion), together with a corresponding podium;
“A1 Termination Fee”	a termination fee which is 5% of the A1 Pre-sale Price;
“A3 Disposal”	the proposed disposal of the A3 Property by WHSO pursuant to the Framework Agreement and the A3 Pre-sale Contracts;
“A3 Final Price”	has the meaning ascribed to it under the paragraph headed “2. The Framework Agreement — Disposal of the A3 Property and A3 Pre-sale Contracts — Consideration” in this circular;

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## DEFINITIONS

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“A3 Individual Property Title Certificates”	the property ownership certificates (房屋所有權證) issued to the property owner(s) by the relevant government authority in respect of the A3 Property;
“A3 Initial Price”	has the meaning ascribed to it under the paragraph headed “2. The Framework Agreement — Disposal of the A3 Property and A3 Pre-sale Contracts — Consideration” in this circular;
“A3 Initial Property Title Certificates”	the building initial registration certificates (房屋初始登記證明) issued to a property developer by the relevant government authority in respect of the A3 Property;
“A3 Pre-sale Contracts”	the pre-sale contracts (預售合同) in respect of the pre-sale of the A3 Property;
“A3 Pre-sale Price”	has the meaning ascribed to it under the paragraph headed “2. The Framework Agreement — Disposal of the A3 Property and A3 Pre-sale Contracts — Consideration” in this circular;
“A3 Property”	a commercial project under construction located in Lot A123 in the Jiang’an District, Wuhan, Hubei, the PRC, which comprises a tower for office use, together with a corresponding podium;
“A3 Termination Fee”	a termination fee which is 5% of the A3 Pre-sale Price;
“Announcement”	the announcement of the Company dated 3 May 2016 in relation to, among other things, the Disposal;
“associates”, “connected person(s)”, “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Business Days”	a day other than Saturday, Sunday and statutory public holidays in the PRC and Hong Kong;
“Change of Planning of the Hotel Portion”	has the meaning ascribed to it under the paragraph headed “2. The Framework Agreement — Procurement Agreement and Disposal of the A1 Property — Disposal of the A1 Property and A1 Pre-sale Contracts — Information on the A1 Property” in this circular;
“CITIC A1 Project Company”	a Sino-foreign joint venture to be established by CITIC China for the purpose of acquiring the A1 Property in accordance with the Framework Agreement;

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## DEFINITIONS

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“CITIC A3 Project Company”	a Sino-foreign joint venture to be established by CITIC China for the purpose of acquiring the A3 Property in accordance with the Framework Agreement;
“CITIC China”	中信泰富(中國)投資有限公司 (CITIC Pacific China Holdings Limited*), a company established under the laws of the PRC with limited liability;
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange (stock code: 272);
“Director(s)”	the director(s) of the Company;
“Disposal”	collectively, the A1 Disposal, the A3 Disposal and the possible disposal of respective underground car parking spaces in accordance with the Framework Agreement;
“Earnest Money”	has the meaning ascribed to it under the paragraph headed “2. The Framework Agreement — Earnest Money” in this circular;
“Framework Agreement”	the framework agreement dated 3 May 2016 entered into between SODH, WHSO and CITIC China relating to the Disposal;
“GFA”	gross floor area;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Latest Practicable Date”	17 June 2016, 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 Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, Macao Special Administrative Region of the PRC and Taiwan area;
“Procurement Agreement”	the procurement agreement to be entered into between SODH, WHSO and CITIC China;

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## DEFINITIONS

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“Procurement Fee”	has the meaning ascribed to it under the paragraph headed “2. The Framework Agreement — Procurement Agreement and Disposal of the A1 Property — Procurement Agreement — Procurement Fee” in this circular;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shares”	the ordinary shares of the Company with nominal value of US\$0.0025 each;
“Shareholders”	holders of the Shares;
“SODH”	Shui On Development (Holding) Limited, a company incorporated under the laws of the Cayman Islands with limited liability, a direct wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Survey Report”	the commodity property provisional survey report (商品房預測報告) to be prepared by qualified institution(s) recognised under 《中華人民共和國測繪法》(The Surveying and Mapping Law of the PRC*) at the pre-sale stage prior to the obtaining of the pre-sale permits, which contains property details including layout, location, estimated saleable GFA and property usage and will be used in the pre-sale permits;
“WHSO”	武漢瑞安天地房地產發展有限公司 (Wuhan Shui On Tiandi Property Development Co., Ltd.*), a company established under the laws of the PRC, an indirect wholly-owned subsidiary of SODH; and
“%”	per cent.

\* For identification purposes only

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## LETTER FROM THE BOARD

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### **Shui On Land Limited** **瑞安房地產有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 272)**

*Executive Directors:*

Mr. Vincent H. S. LO (Chairman)  
Mr. Frankie Y. L. WONG  
Mr. Douglas H. H. SUNG (Chief Financial Officer)

*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  
Mr. Anthony J. L. NIGHTINGALE

*Registered office:*

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

*Principal place of business  
in Hong Kong:*

34th Floor, Shui On Centre  
6-8 Harbour Road  
Wan Chai  
Hong Kong

24 June 2016

*To the Shareholders*

Dear Sir or Madam,

### **MAJOR TRANSACTION**

### **FRAMEWORK AGREEMENT IN RELATION TO THE DISPOSAL OF PROPERTIES IN WUHAN, HUBEI, THE PRC**

#### **1. INTRODUCTION**

Reference is made to the Announcement in relation to the Disposal. On 3 May 2016 (after trading hours), SODH (a direct wholly-owned subsidiary of the Company) and WHSO (an indirect wholly-owned subsidiary of SODH) entered into the Framework Agreement with CITIC China

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## LETTER FROM THE BOARD

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pursuant to which, among other things, SODH has agreed to procure WHSO to dispose of, and CITIC China has agreed to establish CITIC A1 Project Company and CITIC A3 Project Company to purchase:

- (a) the A1 Property for an initial total purchase price of RMB3,365,215,400 (approximately HK\$4,044,243,961), subject to adjustments and a cap of RMB3,701,736,940 (equivalent to approximately HK\$4,448,668,357); and
- (b) the A3 Property for an initial total purchase price of RMB1,134,093,860 (approximately HK\$1,362,929,768), subject to adjustments and a cap of RMB1,247,503,246 (equivalent to approximately HK\$1,499,222,745).

CITIC China shall have the right to, through CITIC A1 Project Company or CITIC A3 Project Company, as the case may be, further purchase from WHSO certain underground car parking spaces of the A1 Property and the A3 Property for a total consideration of RMB152,820,000 (equivalent to approximately HK\$183,655,811).

The main purpose of this circular is to provide you with, among other things, further information relating to the Framework Agreement and the Disposal and other information required under the Listing Rules.

## 2. THE FRAMEWORK AGREEMENT

### Date

3 May 2016 (after trading hours)

### Parties

- (a) SODH, a direct wholly-owned subsidiary of the Company
- (b) WHSO, an indirect wholly-owned subsidiary of SODH
- (c) CITIC China

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

Pursuant to the Framework Agreement:

- (a) SODH and CITIC China shall, within 105 days after the execution of the Framework Agreement, enter into the Procurement Agreement, whereby SODH shall procure WHSO to dispose of, and CITIC China shall establish and procure CITIC A1 Project Company to purchase, the A1 Property. Details of the Procurement Agreement are set out in the paragraph headed “Procurement Agreement and Disposal of the A1 Property — Procurement Agreement” below;



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## LETTER FROM THE BOARD

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- (b) WHSO shall, and CITIC China shall procure CITIC A1 Project Company to, enter into the A1 Pre-sale Contracts in relation to the A1 Disposal within five Business Days from and subject to the satisfaction of the conditions set out in the paragraph headed “Procurement Agreement and Disposal of the A1 Property — Disposal of the A1 Property and A1 Pre-sale Contracts — Conditions Precedent to the signing of A1 Pre-sale Contracts” below;
- (c) WHSO shall, and CITIC China shall procure CITIC A3 Project Company to, enter into A3 Pre-sale Contracts in relation to the A3 Disposal within five Business Days from and subject to the satisfaction of the conditions set out in the paragraph headed “Disposal of the A3 Property and A3 Pre-sale Contracts — Conditions Precedent to the signing of A3 Pre-sale Contracts” below;
- (d) CITIC China shall have the right to, through CITIC A1 Project Company or CITIC A3 Project Company, further purchase from WHSO 613 and 236 underground car parking spaces of the A1 Property and the A3 Property respectively, and the details of the possible disposal of the underground car parking spaces are set out in the paragraph headed “Possible disposal of underground car parking spaces” below.

The A1 Disposal and the A3 Disposal are not inter-conditional upon each other but if the A3 Disposal is terminated, the non-defaulting party may terminate the A1 Disposal. Where, however, the disposal of the A1 Property is terminated, no party may terminate the A3 Disposal. Such arrangement is agreed between the parties after taking into account the substantial time gap between the expected delivery time of the A1 Property and the A3 Property and the risk associated therewith. Due to different development and construction stages achieved in respect of the A1 Property and the A3 Property, it is expected that the delivery of the A3 Property will take place by the end of 2016 whilst the delivery of the A1 Property will take place in early 2020.

The disposal of the underground car parking spaces of the A1 Property and the A3 Property is conditional on the completion of the A1 Disposal and the A3 Disposal respectively. If the A1 Disposal or the A3 Disposal does not proceed for any reasons, the disposal of the underground car parking spaces of the A1 Property or, as the case may be, the A3 Property, will not proceed.

### **Earnest Money**

On the fourth Business Days (i.e. 9 May 2016) after the execution of the Framework Agreement, CITIC China had paid to WHSO earnest money in the amount of RMB10,000,000 (equivalent to approximately HK\$12,017,786) (the “**Earnest Money**”) to secure certain obligations of CITIC China, CITIC A1 Project Company and CITIC A3 Project Company under the Framework Agreement, including the entering into of the Procurement Agreement, payment of the Procurement Fee, entering into of the A3 Pre-sale Contracts and payment of the first instalment of the A3 Pre-sale Price.

WHSO shall return the Earnest Money to CITIC China:

- (i) after CITIC China has fulfilled its obligations under the Framework Agreement; or
- (ii) in certain circumstances upon the termination of the A1 Disposal or the A3 Disposal.

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## LETTER FROM THE BOARD

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Alternatively, WHSO may retain the Earnest Money in certain circumstances if CITIC China, CITIC A1 Project Company or CITIC A3 Project Company fails to fulfil the aforesaid obligations under the Framework Agreement.

### **Procurement Agreement and Disposal of the A1 Property**

#### *Procurement Agreement*

##### *Subject Matter*

Pursuant to the Procurement Agreement to be entered into between SODH, WHSO and CITIC China, SODH shall procure WHSO to dispose of and CITIC China shall establish and procure CITIC A1 Project Company to purchase the A1 Property.

##### *Procurement Fee*

Within five Business Days after the execution of the Procurement Agreement, CITIC China or its designated associates shall pay SODH a Hong Kong dollar equivalent of RMB673,043,080, being 20% of the A1 Initial Price, as the procurement fee (the “**Procurement Fee**”) to facilitate the A1 Disposal under the Framework Agreement.

SODH shall return the Procurement Fee in instalments, the first instalment of which will be re-paid prior to the signing of the A1 Pre-sale Contracts and the final instalment will be re-paid within two Business Days after the full payment of the first instalment of the A1 Pre-sale Price. Further, SODH shall also return the Procurement Fee if the A1 Disposal is terminated.

When the A1 Disposal is terminated as a result of WHSO failing to obtain the governmental approval necessary for the Change of Planning of the Hotel Portion, SODH shall further pay an interest of 4% per annum over the Procurement Fee.

#### *Disposal of the A1 Property and A1 Pre-sale Contracts*

##### *Information on the A1 Property*

The A1 Property is a commercial project under construction located in Lot A123 in the Jiang'an District, Wuhan, Hubei, the PRC, which comprises a super high-rise tower for office and hotel uses, together with certain portion of the podium, with a saleable GFA estimated to be 177,116.6 sq.m. as at the date of the Framework Agreement and subject to be finally determined in the A1 Initial Property Title Certificates. As at the Latest Practicable Date, the high-rise tower of the A1 Property has not commenced construction and the podium of the A1 Property is under construction.

At 31 December 2015, the book value of the A1 Property was RMB972,000,000. There were no net profits attributable to the A1 Property for the two financial years ended 31 December 2014 and 31 December 2015.

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## LETTER FROM THE BOARD

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Pursuant to the Framework Agreement, WHSO shall make an application to the government authority for the change of planning of the hotel portion from hotel use to office use (the “**Change of Planning of the Hotel Portion**”) in respect of certain designated floors of the A1 Property, and WHSO shall obtain the relevant government approval for the Change of Planning of the Hotel Portion on or before the expiry of 146 Business Days after the date on which the Earnest Money has been received by WHSO in full (subject to extension in accordance with the Framework Agreement). As at the Latest Practicable Date, WHSO has submitted the application to the government authority in respect of the Change of Planning of the Hotel Portion.

### *Consideration*

The purchase price shall be a fixed amount of RMB19,000 per sq.m. of the saleable GFA of the A1 Property estimated as at the date of the Framework Agreement as 177,116.6 sq.m., totalling an initial purchase price in respect of the A1 Property of RMB3,365,215,400 (equivalent to approximately HK\$4,044,243,961) as at the date of the Framework Agreement (the “**A1 Initial Price**”).

The A1 Initial Price shall be adjusted in the following manner:

- (a) upon obtaining the pre-sale permit in respect of the A1 Property, adjustment shall be made according to the new estimated saleable GFA as recorded in the Survey Report and the fixed unit purchase price of RMB19,000 per sq.m. of the saleable GFA (the “**A1 Pre-sale Price**”); and
- (b) upon construction completion and determination by all parties of the refurbishment and construction fee on the change in the design of the A1 Property, adjustment shall be made with reference to the (i) final saleable GFA as recorded in the A1 Initial Property Title Certificates; and (ii) certain amount of such fee payable by CITIC A1 Project Company in respect of the addition or change in the project design (if any) (the “**A1 Final Price**”).

The A1 Final Price is subject to a cap of no more than 110% of the A1 Initial Price, i.e. a cap of RMB3,701,736,940 (equivalent to approximately HK\$4,448,668,357).

The parties have estimated that the A1 Initial Price represents an excess of RMB2,393,000,000 over the book value of the A1 Property as at 31 December 2015 and an excess of RMB200,000,000 over the estimated A1 Property total development costs and other expenses. The gross development value of the property as at 30 April 2016 estimated by Knight Frank Petty Limited, the independent valuer, is RMB3,342,200,000. Such consideration was determined after arm’s length negotiations between the parties to the Framework Agreement with reference to the prevailing market value of comparable office transactions, office property market dynamics, and the physical specifications of the A1 Property. It represents the book value of the A1 Property plus the development costs to be incurred, including financing costs, in addition to certain reasonable development profit to the Company.

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## LETTER FROM THE BOARD

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The consideration to be received by WHSO for the A1 Disposal shall be paid by CITIC A1 Project Company in stages:

- (a) 40% of the A1 Pre-sale Price shall be payable within 10 Business Days after the signing of the A1 Pre-sale Contracts (subject to extension in accordance with the Framework Agreement);
- (b) cumulative payment of up to 60% of the A1 Pre-sale Price shall be payable within two months from the date on which the signing and filing of the A1 Pre-sale Contracts has been completed (subject to extension in accordance with the Framework Agreement);
- (c) cumulative payment of up to 80% of the A1 Pre-sale Price shall be payable within five Business Days from the date on which WHSO has received the construction completion and acceptance filing certificate in respect of the A1 Property issued by the relevant governmental authority (subject to extension in accordance with the Framework Agreement);
- (d) cumulative payment of up to 90% of the A1 Pre-sale Price shall be payable within five Business Days from the date on which the delivery of the A1 Property is accepted by CITIC A1 Project Company;
- (e) cumulative payment of up to 95% of the A1 Final Price shall be payable within five Business Days after WHSO has received the A1 Initial Property Title Certificates and performed certain post-delivery obligations specified in the Framework Agreement; and
- (f) the remaining balance of 5% of the A1 Final Price shall be payable on the first anniversary of the date on which the delivery of the A1 Property is accepted by CITIC A1 Project Company.

### *Conditions Precedent to the signing of A1 Pre-sale Contracts*

After the establishment of CITIC A1 Project Company, the signing of the A1 Pre-sale Contracts is subject to the satisfaction of the following conditions:

- (i) WHSO having obtained the pre-sale permit in respect of the A1 Property on or before 14 December 2017 (subject to extension in accordance with the Framework Agreement);
- (ii) WHSO having completed the Change of Planning of the Hotel Portion;
- (iii) SODH having returned to CITIC China part of the Procurement Fee before the signing of the A1 Pre-sale Contracts; and
- (iv) there being no mortgage, charges or any other encumbrances in respect of the A1 Property.

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## LETTER FROM THE BOARD

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The CITIC A1 Project Company had not been established as at the Latest Practicable Date.

### *Signing of the A1 Pre-sale Contracts*

Signing of the A1 Pre-sale Contracts shall occur within five Business Days after the fulfilment of the above conditions precedent.

### *Delivery of the A1 Property*

WHSO expects to deliver the A1 Property to CITIC A1 Project Company for its inspection and acceptance (subject to extension in accordance with the Framework Agreement) on or before 16 January 2020.

### *Disposal of the A3 Property and A3 Pre-sale Contracts*

#### *Information on the A3 Property*

The A3 Property is a commercial project located in Lot A123 in the Jiang'an District, Wuhan, Hubei, the PRC, which comprises a tower for office use, together with certain portion of the podium, with a saleable GFA estimated to be 55,053.10 sq.m. as at the date of the Framework Agreement and subject to be finally determined in the A3 Initial Property Title Certificates. As at the Latest Practicable Date, the construction of the tower of the A3 Property has been completed and the podium of the A3 Property is under construction.

At 31 December 2015, the book value of the A3 Property was RMB590,000,000. There were no net profits attributable to the A3 Property for the two financial years ended 31 December 2014 and 31 December 2015.

#### *Consideration*

The purchase price shall be a fixed amount of RMB20,600 per sq.m. of the saleable GFA of the A3 Property estimated as at the date of the Framework Agreement to be 55,053.10 sq.m. and subject to be finally determined in the A3 Initial Property Title Certificates, totalling an initial purchase price in respect of the A3 Property of RMB1,134,093,860 (equivalent to approximately HK\$1,362,929,768) as at the date of the Framework Agreement (the "**A3 Initial Price**").

The A3 Initial Price shall be adjusted in the following manner:

- (a) upon obtaining the pre-sale permit in respect of A3 Property, adjustment shall be made according to the new estimated saleable GFA as recorded in the Survey Report and the fixed unit purchase price of RMB20,600 per sq.m. of the saleable GFA (the "**A3 Pre-sale Price**"); and

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## LETTER FROM THE BOARD

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- (b) upon construction completion, adjustment shall be made with reference to the final saleable GFA as recorded in the A3 Initial Property Title Certificates (the “**A3 Final Price**”).

The A3 Final Price is subject to a cap of no more than 110% of the A3 Initial Price, i.e. a cap of RMB1,247,503,246 (equivalent to approximately HK\$1,499,222,745).

The parties have estimated that the A3 Initial Price represents an excess of RMB544,000,000 over the book value of the A3 Property as at 31 December 2015 and an excess of RMB173,000,000 over the estimated A3 Property total development costs and other expenses. The gross development value of the property as at 30 April 2016 estimated by Knight Frank Petty Limited, the independent valuer, is RMB1,124,700,000. Such consideration was determined after arm’s length negotiations between the parties to the Framework Agreement with reference to the prevailing market value of comparable office transactions, office property market dynamics, and the physical specifications of the A3 Property. It represents the book value of the A3 Property plus the development costs to be incurred, including financing costs, in addition to certain reasonable development profit to the Company.

The consideration to be received by WHSO for the A3 Disposal shall be paid by CITIC A3 Project Company in stages:

- (a) 50% of the A3 Pre-sale Price shall be payable within 10 Business Days after the signing of the A3 Pre-sale Contracts (subject to extension in accordance with the Framework Agreement);
- (b) cumulative payment of up to 90% of the A3 Pre-sale Price shall be payable within five Business Days from the later of: (i) the expiry of two months after the signing and filing of the A3 Pre-sale Contracts; (ii) WHSO having received the construction completion and acceptance filing certificate in respect of the A3 Property issued by the relevant governmental authority; and (iii) the A3 Property having been delivered to and accepted by CITIC A3 Project Company in accordance with the Framework Agreement;
- (c) cumulative payment of up to 95% of the A3 Pre-sale Price shall be payable on the first anniversary from the date on which the delivery of the A3 Property is accepted by CITIC A3 Project Company; and
- (d) the remaining balance of the A3 Final Price shall be payable within five Business Days after WHSO has obtained the A3 Initial Property Title Certificates.

### *Conditions Precedent to the signing of A3 Pre-sale Contracts*

After the establishment of CITIC A3 Project Company, the signing of the A3 Pre-sale Contracts is subject to the satisfaction of the following conditions:

- (i) WHSO having obtained the pre-sale permit in respect of the A3 Property on or before the 60th day after the execution of the Framework Agreement; and

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## LETTER FROM THE BOARD

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(ii) there being no mortgage, charges or any other encumbrances in respect of the A3 Property.

As at the Latest Practicable Date, the conditions (i) and (ii) above had been fulfilled. The CITIC A3 Project Company had not been established as at the Latest Practicable Date.

### *Signing of the A3 Pre-sale Contracts*

Signing of the A3 Pre-sale Contracts shall occur within five Business Days after the fulfilment of the above conditions precedent.

### *Delivery of the A3 Property*

WHSO shall deliver the A3 Property to CITIC A3 Project Company for its inspection and acceptance (subject to extension in accordance with the Framework Agreement) within 10 Business Days after the signing and filing of the A3 Pre-sale Contracts, which is expected to be on or before 12 November 2016.

### **Possible disposal of underground car parking spaces**

Within three months from the signing of the A3 Pre-sale Contracts, CITIC China may through CITIC A1 Project Company or CITIC A3 Project Company further request the purchase of 613 and 236 underground car parking spaces of the A1 Property and the A3 Property, respectively. The parties agreed to enter into separate agreements for the specific arrangement of purchasing such underground car parking spaces. WHSO will be entitled to sell such underground car parking spaces to third parties in the event CITIC China does not make such request within the specified timeline.

On the condition that CITIC China raises the purchase request within three months from the signing of the A3 Pre-sale Contracts, the purchase price for each underground car parking space is RMB180,000, totalling RMB152,820,000 (equivalent to approximately HK\$183,655,811). Such consideration was determined after arm's length negotiations between the parties to the Framework Agreement after taking into account the market value of the comparable transactions.

### **Termination of the Disposal**

#### *Termination of the A1 Disposal*

CITIC China or CITIC A1 Project Company on one hand and SODH or WHSO on the other hand (as the case may be) may terminate the A1 Disposal on each of the following grounds (as applicable):

- (a) Failure to obtain the Change of Planning of the Hotel Portion;
- (b) Failure to sign the Procurement Agreement;
- (c) Delay in obtaining the pre-sale permit in respect of the A1 Property;
- (d) Delay in issuing the delivery notice or delivering the A1 Property;

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## LETTER FROM THE BOARD

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- (e) Delay in obtaining the A1 Initial Property Title Certificates;
- (f) Delay in providing relevant information for the application of the A1 Individual Property Title Certificates;
- (g) Delay in returning the Procurement Fee;
- (h) Delay in setting up CITIC A1 Project Company;
- (i) Delay in entering into the A1 Pre-sale Contracts;
- (j) Delay in making the required payments; and
- (k) Termination of the A3 Disposal.

Where the A1 Disposal is terminated as a result of any of the events described in paragraphs (c) to (j) above, the non-defaulting party shall have the right to request the defaulting party to pay the A1 Termination Fee.

### *Termination of the A3 Disposal*

CITIC China or CITIC A3 Project Company on one hand and SODH or WHSO on the other hand (as the case may be) may terminate the A3 Disposal on each of the following grounds (as applicable):

- (a) Delay in obtaining the pre-sale permit in respect of the A3 Property;
- (b) Delay in issuing the delivery notice or delivering the A3 Property;
- (c) Delay in obtaining the A3 Initial Property Title Certificates;
- (d) Delay in providing relevant information for the application of the A3 Individual Property Title Certificates;
- (e) Delaying in setting up CITIC A3 Project Company;
- (f) Delay in entering into the A3 Pre-sale Contracts; and
- (g) Delay in making the required payments.

Where the A3 Disposal is terminated as a result of any of the events described in paragraphs (a) to (g) above, the non-defaulting party shall have the right to request the defaulting party to pay the A3 Termination Fee.

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

In order to accelerate overall asset turnover and realize the value of assets owned, the Company's strategy is to divest commercial properties at the right price and time. The Company considers that the Disposal is in line with its strategic monetization plan for its commercial portfolio in the prevailing market conditions. It will also help to reduce debt of the Group.



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## LETTER FROM THE BOARD

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The payment terms for the Disposal echo those for a normal deferred sale of property transaction which provide sufficient funding to complete construction of the relevant properties.

The Directors, including the independent non-executive Directors, are of the view that the Framework Agreement and the Disposal have been entered into on normal commercial terms that are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### FINANCIAL EFFECTS OF THE DISPOSAL

For the A3 Property, after deducting estimated tax, development costs and other expenses of approximately RMB961,000,000, the Group anticipates that it will realise a gain of approximately RMB173,000,000 (equivalent to approximately HK\$208,000,000) in 2016 as a result of the A3 Disposal. As at 30 April 2016, the latest construction cost incurred in respect of the A3 Property amounted to approximately RMB340,900,000. The total construction cost to be incurred in respect of the A3 Property is estimated to be approximately RMB460,800,000.

For the A1 Property, after deducting estimated tax, development costs and other expenses of approximately RMB3,165,000,000, the Group anticipates that it will realise a gain of approximately RMB200,000,000 (equivalent to approximately HK\$240,000,000) in 2020, subject to actual development cost to be incurred and actual development progress of the A1 Property in the coming years. The estimation is based on prevailing business tax rules and the potential value added tax exposure needs to be further assessed. As at 30 April 2016, the latest construction cost incurred in respect of the A1 Property amounted to approximately RMB223,900,000. The total construction cost to be incurred in respect of the A1 Property is estimated to be approximately RMB2,345,000,000.

The Group intends to apply the proceeds from the Disposal to repay bank loans and for working capital purposes.

### 3. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is accelerating its overall asset turnover and will continue to realise the value of existing assets. It is the Group's strategy to divest commercial properties in its portfolio that are mature and stabilized or are non-core assets at the right time and price. Increasing asset turnover will allow the Group to implement its strategic monetization plan for its commercial portfolio in the prevailing market conditions so as to increase profitability and help to strengthen the Group's cash flow and reduce debt.

For the first four months of 2016, the Company's accumulated contracted property sales and other assets disposal was RMB8.55 billion. With the en-bloc sale of the A1 and A3 Property, contracted sales to-date amounted to around RMB13.05 billion.

In relation to the development of the Group's properties, construction works of two residential sites situated at the Shanghai Rui Hong Xing Cheng project and one residential site situated at the Shanghai Taipingqiao project are in progress; while NOVA, a retail project situated in Foshan opened by the end of April 2016. The second batch of Rui Hong Xin Cheng Phase 6 was successfully launched

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## LETTER FROM THE BOARD

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for pre-sale in February 2016 with good sales result. Rui Hong Xin Cheng Phase 7 is scheduled to be launched for pre-sale starting from the middle of 2016 according to the latest development plan. The Group will continue to launch new phases of residential properties in other projects in mainland China.

The Directors are of the view that the PRC real estate market will continue to grow and develop in the long run, and that, as the Group implements its current strategies, this will lay a solid foundation for the Group's sustainable development and its long term prospects.

#### 4. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal exceeds 25% but is less than 100%, the Disposal constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Disposal as at the Latest Practicable Date. As such, no Shareholder is required to abstain from voting on the resolution(s) if an extraordinary general meeting is convened to approve the Framework Agreement and the Disposal.

Shui On Properties Limited, Shui On Investment Company Limited, Chester International Cayman Limited, Lanvic Limited, Boswell Limited, Merchant Treasure Limited and Doretturn Limited, which are controlled by Shui On Company Limited and which together constitute a closely allied group of Shareholders, holds 998,103,792 Shares, 1,450,808,826 Shares, 183,503,493 Shares, 573,333,333 Shares, 908,448,322 Shares, 150,000,000 Shares, 293,319,781 Shares respectively, and together representing approximately 56.78% of the issued share capital of the Company at the Latest Practicable Date.

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

#### 5. GENERAL INFORMATION

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

CITIC China is an indirect wholly-owned subsidiary of CITIC Limited (HK stock code: 267). It is the investment management platform company of CITIC Limited for its real estate business in mainland China. Examples of projects currently managed by CITIC China include Lujiazui Harbour City Shanghai, CITIC Square Shanghai and The Centre Shanghai.

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## LETTER FROM THE BOARD

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### 6. RECOMMENDATION

The Directors consider that the Disposal is on normal commercial terms and in the usual course of business of the Group, and that the terms and conditions of the Framework Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole and would recommend the Shareholders to vote in favour of the resolutions to approve the Disposal if it had been necessary to hold a general meeting for such purpose.

### 7. ADDITIONAL INFORMATION

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

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

**1. FINANCIAL INFORMATION OF THE GROUP**

The audited consolidated financial information of the Group (i) for the year ended 31 December 2015 is disclosed in the annual report of the Company published on 14 April 2016, from pages 117 to 219; (ii) for the year ended 31 December 2014 is disclosed in the 2014 annual report of the Company published on 22 April 2015, from pages 115 to 217; (iii) for the year ended 31 December 2013 is disclosed in the 2013 annual report of the Company published on 11 April 2014, from pages 105 to 195; and all of which have been published on the website of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.shuionland.com](http://www.shuionland.com)).

**2. STATEMENT OF INDEBTEDNESS****Borrowings**

As at the close of business on 30 April 2016, 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 total borrowings amounting to approximately RMB49,514 million, details of which are as follows:

- (i) senior notes of the Group with the aggregate carrying amount of RMB14,960 million (the aggregate principal amount of approximately RMB14,700 million) which were unsecured and guaranteed;
- (ii) bank and other borrowings of the Group with the aggregate carrying amount of approximately RMB31,827 million (the aggregate principal amount of approximately RMB31,902 million), of which RMB5,229 million (the corresponding principal amount of approximately RMB5,273 million) were unsecured, and RMB26,598 million (the corresponding principal amount of approximately RMB26,629 million) were secured by certain assets of the Group. Amongst these bank and other borrowings, borrowings with the aggregate carrying amount of RMB10,065 million (the corresponding aggregate principal amount of RMB10,127 million) were guaranteed;
- (iii) loans from a non-controlling shareholder of a subsidiary of the Group with the carrying amount of RMB1,946 million (the aggregate principal amount of RMB1,968 million) which were unsecured and not guaranteed;
- (iv) amounts due to non-controlling shareholders of subsidiaries of the Group with the aggregate principal amount of RMB417 million which were unsecured and not guaranteed; and
- (v) amounts due to related companies of the Group with the aggregate principal amount of RMB364 million which were unsecured and not guaranteed.

**Mortgages and charge**

As at 30 April 2016, the Group's secured bank and other borrowings were secured by certain of the Group's bank deposits, investment properties, property, plant and equipment, prepaid lease payments, properties under development for sale, properties held for sale, accounts receivables, benefits accrued to the relevant properties and equity interests in certain subsidiaries.

**Contingent liabilities**

In addition, as at 30 April 2016, the Group had the following contingent liabilities:

- (i) Pursuant to an agreement entered into with the district government (the “Hongkou Government”) and the Education Authority of the Hongkou District, Shanghai, the PRC on 31 July 2002, guarantees of no more than RMB324 million will be granted by the Group to support bank borrowings arranged in the name of a company to be nominated by the Hongkou Government, as part of the financial arrangement for the site clearance work in relation to the development of a parcel of land. As at 30 April 2016, such arrangement has not taken place.
- (ii) The Group has provided a guarantee to (i) a joint venture which was formed between Richcoast Group Limited (“Richcoast”) and Mitsui Fudosan Residential Co., Ltd. (“Mitsui”, a non-controlling shareholder of an associate’s subsidiary) and (ii) Mitsui for an aggregate amount not exceeding RMB55 million in respect of Richcoast’s payment obligations to the joint venture and Mitsui.
- (iii) The Group has issued financial guarantees to independent third parties in respect of outstanding amounts due from subsidiaries of an associate. The maximum amount that could be paid by the Group if the guarantee was called upon is RMB465 million.

**Liabilities arising from rental guarantee arrangements**

The Group disposed of a number of properties to independent third parties (“purchasers”) in previous years. As part of the disposal, the Group also agreed to provide the purchasers with rental guarantees whereby the Group agreed to compensate the purchasers on a yearly basis, as follows:

- (i) Rental guarantee arrangement 1 — the compensation is calculated from the date when the first instalment was received till January 2019 which could be further extended by the purchaser for three times, each for a one-year period when certain conditions are met — the shortfall between 8% of the consideration receivable by the Group from the purchaser and the net operating income to be generated by the property.
- (ii) Rental guarantee arrangement 2 — the compensation is calculated from the date when the first instalment was received till January 2017 — the shortfall between 8% of the consideration receivable by the Group from the purchaser and the net operating income to be generated by the properties.

As at 30 April 2016, the aggregate fair value of financial liabilities arising from these rental guarantee arrangements amounted to RMB411 million. In respect of the guarantee period from 30 April 2016 and beyond, the aggregate maximum amount the Group could be required to settle as if there were no operating income to be generated by the disposed properties was RMB1,449 million.

Save as aforementioned and apart from intra-group liabilities within the Group and normal trade business, at the close of business on 30 April 2016, 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.

### **3. WORKING CAPITAL**

The Directors are of the opinion that, after taking into account the net cash proceeds to be received from the Disposal, present financial resources available to the Group including but not limited to revenue generated by its principal operations and funds through disposal of properties, cash and cash equivalents on hand, existing banking facilities, successful refinancings of certain banking facilities; and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its business for the next twelve months from the date of this circular.

*The following is a text of the letter and valuation report prepared for the purpose of incorporation in this circular issued by Knight Frank Petty Limited, an independent property valuer, in connection with the valuation of the A1 Property and the A3 Property as at 30 April 2016.*



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The Directors  
Wuhan Shui On Tian Di Property Development Co., Ltd.  
26/F, Shui On Plaza  
333 Huai Hai Zhong Road  
Shanghai  
The PRC

24 June 2016

Dear Sirs

**Lot A1 and A3 of Wuhan Tiandi, Yongqing Street, Jiang'an District, Wuhan, Hubei Province, The People's Republic of China**

In accordance with your instructions for us to value the captioned property interest 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 gross development value of the property interest as at 30 April 2016. Gross development value is defined as the aggregate market value of all saleable units of a property assuming that the property has been fully completed as at the date of valuation without taking into account any outstanding/incurred construction costs nor development costs.

**Basis of Valuation**

Market value is defined 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 the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of an asset or liability is also 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 the property by using “Direct Comparison Approach” with reference to market comparable transactions and assumed sale of property with the benefit of vacant possession.

### **Title Documents and Encumbrances**

We have been provided with copies of extracts of title documents relating to the property. 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 PRC legal adviser, Jin Mao PRC Lawyers, regarding the title and other legal matters relating to the property.

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 property is free from encumbrances, restriction and outgoings of an onerous nature which could affect its value.

### **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 PRC legal adviser. We have no reason to doubt the truth and accuracy of the information provided to us by the Group 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, particulars of occupancy, construction costs, floor and site areas, development proposals 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 property 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 property. The inspection was carried out by our Executive Director, Mr Clement Leung on 4 May 2016. However, 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 property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services.



**Identity of Property to be valued**

We exercised reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property addresses in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property addresses, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

**Environmental Issues**

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

**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 valuation report is attached.

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

*Note: Clement W M Leung MFin, MCIREA, MHKIS, MRICS, RPS(GP), is a qualified valuer and has about 22 years' experience in the valuation of properties in Hong Kong, Macau and Asia Pacific region and has 20 years' experience in the valuation of properties in the People's Republic of China.*

## VALUATION REPORT

Property	Description and tenure	Particular of occupancy	Gross Development Value as at 30 April 2016
Lot A1 and A3 of Wuhan Tiandi Yongqing Street Jiang'an District Wuhan Hubei Province The PRC	<p>Wuhan Tiandi (the "Development") is a comprehensive development to be developed by various phases comprising residential clusters, office towers, luxury hotels, shopping arcades, carparks and public facilities.</p> <p>The Development is situated in Jiang'an District comprising Site A and Site B with respective site areas of approximately 191,590 sq m and 288,433 sq m together add-up with a total site area of 480,023 sq m. Site A is situated on the southern site of Huangpu Road whereas Site B is situated on the northern side of Huangpu Road.</p>	<p>Lot A1 of the property is currently pending for construction whilst construction works of Lot A3 of the property is completed. As advised by the Company, construction works of A1 of the property will be completed in October 2019.</p>	<p>RMB4,466,900,000</p> <p>(100% interest attributable to the Group: RMB4,466,900,000)</p> <p>(please see notes (10) to (13))</p>

The property comprises a 67-storey tower and a 30-storey tower, namely Lot A1 and A3 (excluding common retail podium) of the Development respectively and the proposed area details of each lots are listed as follows:

Lot	Use	Gross Floor Area sq m
A1	Office	132,481.38
A1	Hotel*	44,635.18
A3	Office	<u>55,053.10</u>
Total:		232,169.66

\* According to your instruction, we have assumed that the application for the change of use for the proposed hotel use of Lot A1 into office use has been approved

The property is held under a land use right term expiring on 15 August 2046 for commercial and servicing uses (office, commercial and hotel).

*Notes:*

1. Pursuant to the Business Licence No 0912582 dated 10 October 2012 issued by the Wuhan Commerce and Administration Bureau, Wuhan Shui On Tiandi Property Development Company Limited (“Wuhan Shui On”), a wholly owned subsidiary of the Group, was incorporated with a registered capital of US\$273,600,000 for a valid period from 2 August 2005 to 2 August 2075. The scope of business includes construction, development, operation, sales, leasing, consultancy and property management of real estate.
2. Pursuant to the State-owned Land Use Right Certificate No Wu Guo Yong (2006) Di 696 issued by the People’s Government of Wuhan dated 18 August 2006, the title to the land (Lot A1/2/3) with a site area of 44,380.28 sq m is vested in the Wuhan Shui On for a term expiring on 15 August 2046 for commercial and servicing uses (office, commercial and hotel).
3. Pursuant to the Construction Land Use Planning Permit No Wu Gui Di Zi [2006]009 issued by the Wuhan Urban Planning and Administrative Bureau dated 23 January 2006, a parcel of land with a site area of 191,589.72 sq m was permitted to be developed.
4. Pursuant to the Construction Engineering Planning Permit No Wu Gui Jian (2013)249 issued by the Wuhan Land Resources and Planning Bureau dated 11 September 2013, Lot A3 of the Development with a total gross floor area of 50,707.65 sq m was permitted to be constructed.
5. Pursuant to the Construction Engineering Planning Permit No Wu Gui Jian (2014)149 issued by the Wuhan Land Resources and Planning Bureau dated 4 September 2014, construction works of portion of Lot A1 to A3 of the Development with a total gross floor area of 153,394.65 sq m (retail: 113,651.6 sq m, A1 office: 11,036.57 sq m, A2 office: 9,862.39 sq m, A3 office: 9,403.46 sq m, hotel: 9,244.48 sq m, other: 196.15 sq m) and 120,011.18 sq m for basement car park and E&M room and 6,555.35 sq m for others was permitted to be constructed.
6. Pursuant to the Construction Engineering Planning Permit No Wu Gui Jian (2015)042 issued by the Wuhan Land Resources and Planning Bureau dated 13 March 2015, construction works of portion of Lot A1 to A3 of the Development with a total gross floor area of 165,015.67 sq m (office: 127,788.17 sq m, hotel: 37,227.50 sq m) was permitted to be constructed.
7. Pursuant to the Construction Works Commencement Permit No 4201022011032800214BJ4001S issued by the Wuhan Rural and Urban Construction Committee dated 25 May 2012, piling works of Lot A1 to A3 of the Development was permitted to be commenced.
8. Pursuant to the Construction Works Commencement Permit No 42010220110328002000514001 issued by the Wuhan Rural and Urban Construction Committee dated 28 March 2013, construction works of retail portion of Lot A1 to A3 of the Development with a total gross floor area of 275,233 sq m was permitted to be commenced.
9. Pursuant to the Construction Works Commencement Permit No 4201022011032800214BJ4003 issued by the Wuhan Rural and Urban Construction Committee dated 19 June 2014, construction works of portion of the property (A3) with a total gross floor area of 52,423.12 sq m was permitted to be commenced.

10. According to the Framework Agreement (“Agreement”) entered into between Shui On Development (Holding) Limited (“Party A”), Wuhan Shui On (“Party B”) and CITIC Pacific China Holdings Limited (“Party C”) on 3 May 2016, Party A has agreed to procure Party B to dispose of, and Party C has agreed to establish two project companies to purchase (a) Lot A1 of the property for an initial total purchase price of RMB3,365,215,400, subject to adjustments and a cap of RMB3,701,736,940; and (b) Lot A3 of the property for an initial total purchase price of RMB1,134,093,860, subject to adjustments and a cap of RMB1,247,503,246. The Agreement contains, inter-alia, the following salient conditions:
- (i) Party B shall make an application to the government authority for the change of planning of the hotel portion from hotel use to office use in respect of certain designated floors of Lot A1 of the property, and Party B shall obtain the relevant government approval for the change of use;
- (ii) The signing of Lot A1 pre-sale contract is subject to the satisfaction of the following conditions:
- Party B having obtained the pre-sale permit in respect of Lot A1 of the property on or before 14 December 2017 (subject to extension in accordance with the Agreement);
  - Party B having completed the change of proposed hotel use to office use as mentioned in note (10) (i);
  - Party A having returned to Party C part of the procurement fee before the signing of Lot A1 pre-sale contract; and
  - there being no mortgage, charges or any other encumbrances in respect of the Lot A1 of the property.
- (iii) The signing of Lot A3 pre-sale contracts is subject to the satisfaction of the following conditions:
- Party B having obtained the pre-sale permit in respect of Lot A3 of the property on or before the 60th day after the execution of the Agreement; and
  - there being no mortgage, charges or any other encumbrances in respect of Lot A3 of the property.
- (iv) Party C shall have the right to, through its two project companies, as the case may be, further purchase from Party B 613 underground car parking spaces and 236 car parking spaces of Lot A1 and A3 of the property respectively for a total consideration of RMB152,820,000.
11. According to your instruction, we have valued the property on completion basis and assumed that the property will be completed as at the date of valuation in accordance with the development schemes provided to us without taking into any outstanding construction cost. Further to your instruction, we have assumed that the application for the change of use for the proposed hotel use of Lot A1 into office use has been approved.
12. During the course of the valuation, according to your instruction, we have taken into account the contractual terms of the Agreement as mentioned in note (10) above.
13. As advised by the Group, the total construction cost and construction cost incurred of Lot A1 of the property as at the valuation date were approximately RMB2,345,000,000 and RMB223,900,000 respectively whilst the total construction cost and construction cost incurred of Lot A3 of the property as at the valuation date were approximately RMB460,800,000 and RMB340,900,000 respectively.

14. The gross development value breakdown of Lot A1 and A3 of the property as at the valuation date are listed below:

<b>Lot</b>	<b>Gross Development Value as at 30 April 2016</b>
A1	RMB3,342,200,000
A3	<u>RMB1,124,700,000</u>
Total:	RMB4,466,900,000

15. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the followings:

- (i) Wuhan Shui On has been legally established;
- (ii) Wuhan Shui On has legally obtained the land use rights of the property and is the sole owner of the land use rights of the property;
- (iii) the land use rights of the property is subject to a mortgage;
- (iv) the land use rights of the property can be legally occupied, used, transferred or handled in other ways by Wuhan Shui On subject to relevant laws and regulations and conditions stipulated in the mortgage contract; and
- (v) other than portion of the property as mentioned in note (15)(iii), the property is free from mortgages and other encumbrances.

## 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 Company. 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 circular misleading.

## 2. DISCLOSURE OF INTERESTS

### Interests of Directors and chief executive 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			Total	Approximate percentage of interests to the issued share capital of the Company as at the Latest Practicable Date (Note 4)
	Personal interests	Family interests	Other interests		
Mr. Vincent H. S. LO (“ <b>Mr. Lo</b> ”)	—	1,849,521	4,587,365,484	4,589,215,005	57.17%
		(Note 1)	(Notes 2 & 3)		
Sir John R. H. BOND	250,000	—	—	250,000	0.003%
Dr. William K. L. FUNG	5,511,456	—	—	5,511,456	0.06%
Professor Gary C. BIDDLE	305,381	—	—	305,381	0.0038%
Dr. Roger L. McCARTHY	200,000	—	—	200,000	0.002%

Notes:

- (1) These Shares were beneficially owned by Ms. Loletta CHU (“**Mrs. Lo**”), the spouse of Mr. Lo. Mr. Lo was deemed to be interested in 1,849,521 Shares under Part XV of the SFO.

- (2) These Shares were held by Shui On Company Limited (“SOCL”) through its controlled corporations, comprising 998,103,792 Shares, 1,450,808,826 Shares, 183,503,493 Shares, 29,847,937 Shares, 573,333,333 Shares, 908,448,322 Shares, 150,000,000 Shares and 293,319,781 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”), Boswell Limited (“Boswell”), Merchant Treasure Limited (“Merchant Treasure”) and Doreturn Limited (“Doreturn”) respectively whereas SOP, Chester International, Lanvic, Boswell, Merchant Treasure and Doreturn were all wholly-owned subsidiaries of SOI. NRI was a wholly-owned subsidiary of SOCAM Development Limited which in turn was held by SOCL as to 48.38%. SOCL was held under the Bosrich Unit Trust, the trustee of which was Bosrich Holdings (PTC) Inc. (“Bosrich”). The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo was a discretionary beneficiary and HSBC International Trustee Limited (“HSBC Trustee”) was 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) Out of these 4,587,365,484 Shares, SOP may lend up to 350,000,000 Shares in aggregate to J.P. Morgan Securities plc pursuant to a Stock Lending Agreement dated 21 May 2015 entered into between SOP (as lender) and J.P. Morgan Securities plc (as borrower), details of which were set out in the announcement of the Company dated 22 May 2015.
- (4) These percentages have been compiled based on the total number of issued Shares (i.e. 8,026,630,189 Shares) at the Latest Practicable Date.

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

Name of Director	Name of Associated Corporation	Nature of Interests	Amount of Debentures
Mr. Lo	Shui On Development (Holding) Limited	Family interests	USD1,300,000
Sir John R. H. BOND	Shui On Development (Holding) Limited	Personal interests	USD813,000
Dr. William K. L. FUNG	Shui On Development (Holding) Limited	Family interests Interests of Controlled Corporation	USD500,000 USD3,000,000
Mr. Douglas H. H. SUNG	Shui On Development (Holding) Limited	Personal interest	USD450,000
Mr. Anthony J. L. NIGHTINGALE	Shui On Development (Holding) Limited	Personal interest	USD200,000

Save as disclosed herein, at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions 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 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 to be notified to the Company and the Stock Exchange.

At the Latest Practicable Date, none of the Directors was 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 2015 (being the date to which the latest published audited financial statements of the Group were made up).

At the Latest Practicable Date, 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 or the proposed Directors was 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:

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

**3. EXPERTS AND CONSENTS**

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

<b>Name</b>	<b>Qualification</b>
Knight Frank Petty Limited	Independent property valuer and chartered professional surveyors
Jin Mao PRC Lawyers	PRC Legal Adviser

Each of Knight Frank Petty Limited and Jin Mao PRC Lawyers has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and valuation report and/or references to its name in the form and context in which they respectively appear.

**4. EXPERTS' INTEREST**

Each of Knight Frank Petty Limited and Jin Mao PRC Lawyers has confirmed that as at the Latest Practicable Date:

- (a) it 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) it was 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 2015 (being the date to which the latest published audited financial statements of the Group were made up).

#### **5. SERVICE CONTRACTS**

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).

#### **6. MATERIAL LITIGATION**

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 any member of the Group.

#### **7. COMPETING INTERESTS OF DIRECTORS**

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 and its subsidiaries) (the “**Shui On Group**”). The core businesses of the Shui On Group include property development and investment projects in Hong Kong 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 Development Limited, which is engaged in property development in the PRC.

Saved as disclosed above, at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates (as defined in the Listing Rules) 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.

#### **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 2015 (being the date to which the latest published audited financial statements of the Group were made up).

## 9. MATERIAL CONTRACTS

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

- (a) the share purchase agreement entered into between Shui On Development (Holding) Limited and Taipingqiao 116 Development Company Limited (“**Taipingqiao 116**”) dated 18 December 2015, in relation to the acquisition of 74,558 issued shares of US\$0.001 each in the capital of Portspin Limited (“**Portspin**”) (subject to adjustment) and certain Taipingqiao 116’s rights to certain shareholder’s loans (together with interest accrued thereon) granted to Portspin for a maximum aggregate consideration of US\$563,000,000 (equivalent to approximately HK\$4,363,419,000) (subject to adjustment);
- (b) the sale and purchase agreement entered into between certain indirect wholly-owned subsidiaries of the Company and 佛山市順德區碧桂園地產有限公司 (Foshan Shunde Country Garden Properties Company Limited\*) dated 14 April 2016, in relation to the disposal of 100% equity interests in 佛山源康房地產發展有限公司 (Fo Shan Yuan Kang Property Development Co., Ltd.\*) at the consideration of RMB1,726,457,696 (subject to adjustment, if any); and
- (c) the Framework Agreement.

## 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 the date which is 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the property valuation report issued by Knight Frank Petty Limited on the A1 Property and the A3 Property, the text of which is set out in Appendix II to this circular;
- (c) the written consents referred to in the section headed “Experts and Consents” in this appendix;
- (d) the material contracts referred to in the section headed “Material Contracts” in this appendix;
- (e) the annual reports of the Company for the years ended 31 December 2013, 31 December 2014 and 31 December 2015; and
- (f) this circular.