



## Press Release

### **Acquisition of Shui On Plaza and Langham Xintiandi Hotel in Shanghai - Enhancing the portfolio and further diversifying income through hotel operation**

- *Proposed acquisition of the entire share capital of Rimmer Investments Limited (“Rimmer”), which in turn holds an indirect effective interest of 80% in Shui On Plaza in Shanghai, and acquisition of 66.7% share capital of Magic Garden Investments Limited (“Magic Garden”), which in turn holds 100% in Langham Xintiandi Hotel in Shanghai (together the “Transaction”)*
- *Rimmer and Magic Garden are currently held by indirect subsidiaries of Shui On Company Limited, the ultimate controlling shareholder of Shui On Land Limited (“Shui On Land” or the “Company”)*
- *The Transaction will benefit Shui On Land given the recurring rental income from a high quality tenant mix at Shui On Plaza and also adds a premier hotel, Langham Xintiandi Hotel, to compliment the completeness of the “Live-Work-Play” community in the Shanghai Xintiandi area (上海新天地)*
- *Total consideration for the Transaction is approximately HK\$2,171 million, at the maximum, and will be satisfied by the issuance of new shares in the Company, which will be issued at a 12.5% premium to the recent stock price. Total consideration was determined based on the aggregate amount of net tangible asset values as adjusted by the valuation of the properties conducted by an independent property valuer, the assignment of certain shareholder loans and the assumption of certain liabilities*
- *The Transaction represents a discloseable and connected acquisition for Shui On Land, requiring approval by a majority of independent shareholders*

**(9 September 2011, Hong Kong)** Shui On Land (the “Company”, Stock Code: 272) today announced to acquire two premier properties, including an effective interest of 80% in Shui On Plaza and an effective interest of 66.7% in Langham Xintiandi Hotel, located in the Shanghai Xintiandi area, from the controlling shareholders.

Shui On Plaza is a commercial and office premises located at No.333 Huaihai Middle Road, Huangpu District (formerly known as Luwan District prior to its merger with Huangpu District in 2011), Shanghai, the PRC, with a total gross floor area (GFA) of approximately 65,815 sq.m.. The construction of Shui On Plaza was completed in 1997 and today is tenanted by a number of large MNCs and well-known local companies. The valuation of the property was approximately RMB3.1 billion on a 100% basis as of 31 July 2011 and equivalent to approximately RMB47,000 per sq.m.



Langham Xintiandi Hotel is a luxury hotel located at 4/1 Qiu, Jiefang 108, Huaihai Middle Road, Huangpu District (formerly known as Luwan District), Shanghai, the PRC and is adjacent to the renowned Shanghai Xintiandi. The hotel commenced operations with a soft opening in October 2010 and a grand opening is expected to take place in March 2012. Langham Xintiandi Hotel is comprised of 357 guest rooms with a total GFA of 53,795 sq.m.. As of 31 July 2011, the valuation of the property was approximately RMB2.0 billion on a 100% basis at completion state and equivalent to approximately RMB37,100 per sq.m.

The key objective of the Transaction is to strengthen Shui On Land's portfolio of investment properties with the addition of two trophy assets located in the heart of downtown Shanghai, Huangpu District, which is one of the city's core business districts as well as one of the most popular shopping destinations.

With a high quality tenant mix and high occupancy rates, Shui On Plaza will provide an additional stream of recurring rental income to the Company. Langham Xintiandi Hotel on the other hand, will further diversify the Company's income stream into the hotel industry. The acquisition is consistent with the Company's development strategies and business plans as demonstrated by the recent strategic alliance with Langham Hospitality Group Limited.

The consideration for the Transaction shall be satisfied by the issuance of new shares. Pursuant to the agreement, the shares shall be issued at a 12.5% premium to the recent stock price. The ability to acquire high quality assets for non-cash consideration provides a boost to the Company while also ensuring that the capital position of the Company retains flexibility for future strategic moves.

Mr. Freddy Lee, Managing Director and CEO of Shui On Land commented on the Transaction,

*“The injection of Shui On Plaza and Langham Xintiandi Hotel in Shanghai will further enhance the quality of Shui On Land's property portfolio. Shanghai Xintiandi is one of the most, if not only, comprehensive communities in the city centre of Shanghai, and represents a major international tourist hot spot. With the recent upgrade of commercial buildings located at Huaihai Middle Road, Huaihai Middle Road is now repositioned as the “Fifth Avenue” of Shanghai with numerous internationally renowned luxury brands opening flagship stores in the area. These favorable factors support the inherent value of properties in the vicinity of the Shanghai Xintiandi area.”*

Mr. Daniel Wan, Managing Director and CFO of Shui On Land also commented,

*“The Transaction will further enhance the equity base of Shui On Land by approximately 6.8% and increase the total assets of the Company by approximately 8.4% based on 30 June 2011's financial.”*



The injection of these two high quality assets demonstrates the support and confidence of major shareholder, Mr. Vincent Lo, in building Shui On Land into one of the leading PRC-based developers with a well-balanced mix of completed and under-development investment and development properties.

By accepting a 12.5% premium to the recent stock price, Mr. Lo is demonstrating his confidence in the Company and the contribution of these properties to the future potential of Shui On Land, despite the recent challenging market conditions.

Shui On Company Limited being a substantial shareholder of the Company is a connected person of the Company for the purpose of the Listing Rules. As such, the Transaction constitutes connected transactions of the Company as defined under Rule 14A.13 of the Listing Rules. As the relevant percentage ratios set out in the Listing Rules in respect of the Transaction are more than 5% but less than 25%, the Transaction also constitutes a discloseable transaction of the Company. Therefore, the Transaction is subject to reporting, announcement and the independent shareholders' approval requirements under the Listing Rules.

Standard Chartered Bank acted as the financial advisor to Shui On Land on this Transaction

### **About Shui On Land**

Headquartered in Shanghai, Shui On Land (Stock Code: 272) is the flagship property development company of the Shui On Group in the Chinese Mainland with a proven track record in developing large-scale, mixed-use city-core redevelopment projects. The Company has eight projects in various stages of development in prime locations of major cities, with a landbank of 13.1 million sq.m. (11.4 million sq.m. of leasable and saleable GFA, and 1.7 million sq.m. of clubhouses, car parking spaces and other facilities). The Company was listed on the Hong Kong Stock Exchange on October 4, 2006, the largest Chinese real estate enterprise listed that year. Shui On Land was included in the 200-Stock Hang Seng Composite Index Series and Hang Seng Freefloat Index Series in March 2007.

For further information about Shui On Land, please visit our website [www.shuionland.com](http://www.shuionland.com)

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