



Shui On Land Limited (0272.HK)

**Disposal of Majority Equity Interests in
Chongqing Project**

26 May 2017

Transaction Details

- On 26th May 2017, Shui On Development (the Seller) and Grand Hope Limited, have entered into a transaction cooperation agreement with China Vanke Co., Ltd. and its subsidiary 重庆锦澜实业有限公司 (the Purchaser), pursuant to which the Sale Equity, representing 79.2% of the interests in the Partnership Portfolio, will be transferred from the Seller to the Purchaser.
- The Partnership Portfolio represents a bundle of undeveloped land parcels and a construction in progress on Lot B11-2/3 in Chongqing Tiandi.

Key Financial Terms

	Amount (RMB'mn)
Recognised as Contracted Sales*	4,133
Agreed Asset Value	5,569
Agreed Net Asset Value	5,218
Carrying Value of the Assets as of end 2016	3,602
Estimated profit**	1,699
Gearing ratio reduction	11%
Payment	
- 1 st payment: 60% upon completion	2,480
- 2 nd payment: 20% within 3-month from completion	827
- 3 rd payment: remaining within 6-month from completion	826

* Contracted Sales equals to 79.2% of agreed net asset value

** Gain on disposal was estimated with adjustments of bank loans, other liabilities, transaction costs and tax and is subject to fulfillment of any post-completion undertakings.

Target Assets



- Completed
 - Under Construction
 - To be Developed
 - Target Assets
- Residential Lots
Commercial Lots

	Sq.m.
Total GFA	1,259,283
Residential Land Parcels - Lot B5, B10, B15, B24-6 & B14-3/4	703,553
Commercial Land Parcels - Lot B13, B24-8/9, B14-1 & B4-2	167,310
Super High-rise (Lot B11-2/3)	388,420



Reasons for and Benefits of the Disposal

- SOL has adopted an Asset-light strategy since 2015 to diversify its capital source and to enhance shareholders return by cooperating with partners who can create synergies. The partnerships help to accelerate the Group's expansion in development businesses throughout the PRC.
- This transaction also allows the Group to release the hidden value in the Project at a substantial profit, while maintaining its interests and brand name in the future development of Chongqing Tiandi.
- Further more, the disposal can immediately lower our gearing ratio which is in line with the group's objective to reduce potential risk under current market environment.
- In the future, SOL intends to focus on projects with faster asset turnover and higher return which is a better way of capital recycling.