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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 — SHARE PURCHASE AGREEMENT**

### **THE SHARE PURCHASE AGREEMENT**

The Board is pleased to announce that on 18 December 2015, Shui On Development, a wholly-owned subsidiary of the Company, as purchaser and Taipingqiao 116 as vendor entered into the Share Purchase Agreement, pursuant to which Taipingqiao 116 agreed to sell and Shui On Development agreed to acquire the Sale Shares and the Debt Interests in relation to Portspin for a maximum aggregate consideration of US\$563,000,000 (equivalent to approximately HK\$4,363,419,000) (subject to adjustment).

As at the date of this announcement, Portspin is owned as to approximately 39.86% and 60.14% by Shui On Development and Taipingqiao 116, respectively. Upon Completion, subject to the exercise of the Retention Right (as defined below) by Taipingqiao 116, Portspin will become an indirect wholly-owned subsidiary of the Company.

### **LISTING RULES IMPLICATIONS**

As the highest the applicable percentage ratio in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition 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 Acquisition and accordingly, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Acquisition.

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

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

## **1. INTRODUCTION**

The Board is pleased to announce that on 18 December 2015, Shui On Development, a wholly-owned subsidiary of the Company, as purchaser and Taipingqiao 116 as vendor entered into the Share Purchase Agreement, pursuant to which Taipingqiao 116 agreed to sell and Shui On Development agreed to acquire the Sale Shares and the Debt Interests in relation to Portspin for a maximum aggregate consideration of US\$563,000,000 (equivalent to approximately HK\$4,363,419,000) (subject to adjustment).

As at the date of this announcement, Portspin is owned as to approximately 39.86% and 60.14% by Shui On Development and Taipingqiao 116, respectively. Upon Completion, subject to any exercise of the Retention Right (as defined below) by Taipingqiao 116, Portspin will become an indirect wholly-owned subsidiary of the Company.

## 2. THE SHARE PURCHASE AGREEMENT

The principal terms of the Share Purchase Agreement are as follows:

- Date** : 18 December 2015
- Parties** : (1) Shui On Development, as purchaser; and  
(2) Taipingqiao 116, as vendor
- Nature of the Acquisition** : Taipingqiao 116 agrees to sell and Shui On Development agrees to purchase:
- (1) the Initial Sale Shares and the Initial Debt Interests on the Initial Completion Date, free from all encumbrances and together with all rights and interests as at the Initial Completion Date attaching thereto; and
  - (2) the Final Sale Shares and the Final Debt Interests on the Final Completion Date, free from all encumbrances and together with all rights and interests as at the Final Completion Date attaching thereto,
- in each case, on and subject to the terms and conditions of the Share Purchase Agreement.
- Consideration** : (1) the consideration for the Initial Sale Shares and the Initial Debt Interests shall be US\$156,000,000 in aggregate (equivalent to approximately HK\$1,209,047,000); and
- (2) the consideration for the Final Sale Shares and the Final Debt Interests shall be US\$407,000,000 (equivalent to approximately HK\$3,154,372,000) in aggregate, plus the Earn-Out Amount (as applicable and subject to adjustment).

Subject to the Share Purchase Agreement, Shui On Development shall, (a) on the Initial Completion Date, pay the Initial Consideration to Taipingqiao 116, and (b) on the Final Completion Date, pay the Final Consideration and the Earn-Out Amount (as applicable) to Taipingqiao 116.

Based on the property valuation conducted by Knight Frank Petty Limited with regards to TPQ116, as at 31 July 2015, the fair value of TPQ116 was RMB6,934,000,000. The consideration of the Acquisition was determined based on arm's length negotiations between the parties after taking into account of the fair value of TPQ116 as at 31 July 2015 and the adjusted net asset value of Portspin as at 31 July 2015.

The consideration of the Acquisition will be funded by bank borrowings granted to the Group.

**Earn-Out**

- : In the event that the Earn-Out Conditions (as defined below) are met in accordance to the Share Purchase Agreement, on the Final Completion Date, in addition to the Final Consideration, Shui On Development shall pay Taipingqiao 116 an Earn-Out Amount on the following basis:

The Earn-Out Amount shall be the lesser of:

- (i) US\$15,000,000 (or, if the Retention Right (as defined below) is exercised, US\$9,655,074); or
- (ii) the amount calculated utilizing the following formulas:

*Earn-Out Amount = (Actual Net Profit — Base Net Profit) x % GFA Sold x (1 — WHT %) x 98% x the Relevant Percentage (each as defined in the Share Purchase Agreement)*

The formula above was determined with reference to, among other things, the actual net profit for sales of units at the property at TPQ116.

“**Earn-Out Conditions**” shall mean the following two conditions: (i) the average sales price of the units at the property at TPQ116 exceeds RMB135,000 per sqm, and (ii) the total saleable area of the sold units at the property at TPQ116 is no less than 50% of the total saleable area of all of the units of the property at TPQ116 in the aggregate.

**Condition precedent to each Completion**

: Shui On Development’s obligation to consummate each Completion is subject to and conditional upon delivery to Shui On Development of a certificate signed by Taipingqiao 116 confirming that there are no breaches of any of Taipingqiao 116’s warranties under the Share Purchase Agreement in any material respect.

If the condition above is not satisfied (or waived by Shui On Development, as the case may be) on or before either applicable Completion Date, save as expressly provided in the Share Purchase Agreement, the Share Purchase Agreement shall be automatically terminated and no party shall have any claim against any other party thereto, save for any claim arising from breach of the Share Purchase Agreement by a party which occurred before termination thereof.

**Completion**

Each Completion shall take place on the applicable Completion Date therefor.

### **Retention of partial interest**

Taipingqiao 116 shall have the right to reduce the number of Final Sale Shares that are being transferred to Shui On Development in connection with Final Completion from (a) 52,191 issued shares of Portspin, being approximately 42.10% of the issued share capital of Portspin to (b) 33,594 issued shares of Portspin, being approximately 27.10% of the issued share capital of Portspin, in which event, the Final Debt Interests to be assigned shall be reduced proportionately (the “**Retention Right**”). If the Retention Right is exercised, Taipingqiao 116 shall retain 18,597 issued shares of Portspin, being 15.00% of the issued share capital of Portspin, and 24.94% of the Debt Interests. The Retention Right shall be exercised by Taipingqiao 116, if at all, by providing written notice to Shui On Development on or before 31 December 2015.

In the event that the Retention Right is timely exercised by Taipingqiao 116, the Final Consideration shall be reduced from US\$407,000,000 to US\$261,981,394 (equivalent to approximately HK\$2,030,434,398) in aggregate.

### **Nomination of director of Portspin**

From and after the Initial Completion, as long as Taipingqiao 116 holds any shares in Portspin it shall have the right to appoint at least one director to the board of Portspin. In the event that the Retention Right is exercised, from and after the Final Completion, Taipingqiao 116 shall not be entitled to appoint any directors to the board of Portspin.

## **3. AMENDMENTS TO THE JV AGREEMENT**

Reference is made to the announcement of the Company dated 30 September 2013 in relation to the JV Agreement entered into between Shui On Development, Taipingqiao 116 and Portspin in relation to Portspin. On 18 December 2015, Shui On Development, Taipingqiao 116 and Portspin entered into the JV Amendment Agreement to, among other things, amend certain provisions of the JV Agreement to reflect the Share Purchase Agreement and the transactions contemplated thereunder.

Pursuant to the JV Amendment Agreement, among other things, each shareholder shall have the right to nominate directors to the board of directors of Portspin and to remove from office and replace any person so nominated, based on the proportion of shares held in Portspin from time to time, with each shareholder having the right to nominate one (1) director for each twenty percent (20%) interest in Portspin that it owns; provided, however, that (i) for so long as Taipingqiao 116 owns any shares in Portspin, it shall be entitled to appoint not

less than one (1) director to the board of directors of Portspin and not less than one (1) director to the board of directors of each Portspin Group Company other than Portspin; (ii) for so long as Shui On Development owns any shares in Portspin, it shall be entitled to appoint not less than one (1) director to the board of directors of Portspin and not less than one (1) director to the board of directors of each Portspin Group Company other than Portspin; and (iii) where Shui On Development owns 50% or more of the shares in Portspin, it shall be entitled to appoint not less than three (3) directors to the board of directors of Portspin. In the event that the Retention Right is exercised, from and after the Final Completion, Taipingqiao 116 shall not be entitled to appoint any directors to the board of directors of Portspin or any directors to the board of directors of any other Portspin Group Company.

#### **4. INFORMATION ON PORTSPIN**

Portspin is a company incorporated in the British Virgin Islands with limited liability. Portspin, through its subsidiaries, indirectly holds the land use rights of the development project carried out at TPQ116, comprised of primarily a residential development, including car parking spaces with total planned gross floor area of approximately 0.09 million square metres. As at the date of this announcement, Portspin is held as to approximately 39.86% and 60.14% by Shui On Development and Taipingqiao 116, respectively.

##### **Financial information of Portspin**

For the financial year ended 31 December 2014, the audited consolidated net asset value, turnover, net loss both before and after taxation of Portspin were approximately RMB151,000,000, RMB nil, RMB27,000,000 and RMB27,000,000, respectively.

For the financial year ended 31 December 2013, the audited consolidated net asset value, turnover, profit both before and after taxation of Portspin were approximately RMB75,000,000, RMB nil, RMB15,000,000 and RMB15,000,000, respectively.

As at 31 July 2015, the unaudited consolidated net asset value of Portspin was approximately RMB133,000,000.

## **5. INFORMATION ON THE GROUP AND TAIPINGQIAO 116**

The Group 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.

Taipingqiao 116 is an investment holding company incorporated under the laws of the British Virgin Islands with limited liability that is directly and wholly-owned by Trophy Property Development L.P..

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Taipingqiao 116 and its ultimate beneficial owner are third parties independent of the Company.

## **6. REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Shanghai residential market has regained momentum as a result of recent interest rate cuts and release of pent-up demand. TPQ116 is expected to commence the pre-sales before the end of 2015. The Acquisition will increase the Group's investment in the residential sector and allow the Group to consolidate a prestige residential project in Shanghai. The consideration under the Share Purchase Agreement represents a 4.3% discount from the adjusted net asset value of Portspin based on the valuation conducted by Knight Frank Petty Limited as at 31 July 2015.

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

## **7. LISTING RULES IMPLICATIONS**

As the highest the applicable percentage ratio in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition 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 Acquisition and accordingly, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Acquisition.



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

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

## **8. DESPATCH OF CIRCULAR**

A circular containing, among other things, further details of the Acquisition will be despatched to the Shareholders on or before 12 January 2016 in accordance with the Listing Rules.

## **9. WARNING**

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

## **10. DEFINITIONS**

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

“Acquisition”	the acquisition of the Sale Shares and Debt Interests regarding Portspin pursuant to the Share Purchase Agreement;
“Board”	the board of Directors;

“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Main Board of the Stock Exchange (stock code: 272);
“Completion”	the Initial Completion or the Final Completion, as applicable;
“Completion Date”	the date of the Initial Completion or the Final Completion, as applicable;
“Debt Interests”	collectively, the Initial Debt Interests and the Final Debt Interests;
“Director(s)”	director(s) of the Company;
“Earn-Out Amount”	the earn-out amount under the Share Purchase Agreement;
“Final Completion”	the completion of the sale and purchase of the Final Sale Shares and the Final Debt Interests;
“Final Completion Date”	29 December 2017, unless otherwise mutually agreed upon by Taipingqiao 116 and Shui On Development in writing;
“Final Consideration”	the consideration for the Final Sale Shares and the Final Debt Interests shall be US\$407,000,000 (equivalent to approximately HK\$3,154,372,000) in aggregate, plus the Earn-Out Amount (as applicable and subject to adjustment);
“Final Debt Interests”	such portion of Taipingqiao 116’s rights to certain shareholder’s loans (together with interest accrued thereon) granted to Portspin as corresponds with the portion of the Final Sale Shares;
“Final Sale Shares”	52,191 issued shares of US\$0.001 each in the capital of Portspin, being approximately 42.10% of the issued share capital of Portspin (subject to adjustment);

“Group”	the Company and its subsidiaries;
“HK\$” or “Hong Kong dollar(s)”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Initial Completion”	the completion of the sale and purchase of the Initial Sale Shares and the Initial Debt Interests;
“Initial Completion Date”	20 January 2016, unless otherwise mutually agreed upon by Taipingqiao 116 and Shui On Development in writing;
“Initial Consideration”	the consideration for the Initial Sale Shares and the Initial Debt Interests shall be US\$156,000,000 in aggregate (equivalent to approximately HK\$1,209,047,000);
“Initial Debt Interests”	such portion of Taipingqiao 116’s rights to certain shareholder’s loans (together with interest accrued thereon) granted to Portspin as corresponds with the portion of the Initial Sale Shares;
“Initial Sale Shares”	22,367 issued shares of US\$0.001 each in the capital of Portspin, being approximately 18.04% of the issued share capital of Portspin;
“JV Agreement”	the joint venture agreement in relation to Portspin dated 30 September 2013 entered into between Shui On Development, Taipingqiao 116 and Portspin;
“JV Amendment Agreement”	the amendment agreement dated 18 December 2015 entered into between Shui On Development, Taipingqiao 116 and Portspin in relation amendments to the JV Agreement;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;

“Portspin”	Portspin Limited, a company incorporated in the British Virgin Islands with limited liability;
“Portspin Group Company”	any of Portspin and its subsidiaries;
“PRC”	The People’s Republic of China, for the purpose of this announcement, excluding Taiwan, Hong Kong, Macau Special Administrative Region of the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Shares”	collectively, the Initial Sale Shares and the Final Sale Shares;
“Share Purchase Agreement”	the share purchase agreement entered into between Shui On Development and Taipingqiao 116 dated 18 December 2015, in relation to the acquisition of the Sale Shares and the Debt Interests in relation to Portspin;
“Share(s)”	the ordinary shares of the Company with nominal value of US\$0.0025 each;
“Shareholder(s)”	holder(s) of Shares;
“Shui On Development”	Shui On Development (Holding) Limited, a company incorporated under the laws of the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Taipingqiao 116”	Taipingqiao 116 Development Company Limited, a company incorporated under the laws of the British Virgin Islands with limited liability;
“TPQ116”	the development project carried out within Plot 116 of Huangpu District, Shanghai Municipality, the PRC, comprised of primarily a residential development, including car parking spaces, the land use rights to which are owned, directly or through one or more subsidiaries, by Portspin;

“US\$” or “United States Dollars”

United States dollars, the lawful currency of the United States of America; and

“%”

per cent.

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

Hong Kong, 18 December 2015

*For illustration purpose, amounts in US\$ in this announcement have been translated to HK\$ at the rate of US\$1 = HK\$7.7503. The conversion rate should not be taken as a representation that US\$ could actually be converted into HK\$ at that rate or at any other rate or at all.*

*At the date of this announcement, the executive Directors are Mr. Vincent H. S. LO (Chairman) and Mr. Frankie Y. L. WONG; and the independent non-executive Directors are Sir John R. H. BOND, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY and Mr. David J. SHAW.*

\* *For identification purposes only*