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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)**

**DISCLOSEABLE TRANSACTION**

The Board is pleased to announce that, on 14 April 2016, several indirectly wholly-owned subsidiaries of the Company as Vendors entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendors shall sell and the Purchaser shall acquire 100% equity interests in the Target Company at a consideration of RMB1,726,457,696 (subject to adjustments, if any).

As one of the applicable percentage ratios under Chapter 14 of the Listing Rules for the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company, and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**THE SALE AND PURCHASE AGREEMENT**

**Date** 14 April 2016

**Parties to the Sale and Purchase Agreement**

- (i) The Vendors
- (ii) The Purchaser
- (iii) The Vendors' Guarantor
- (iv) The Purchaser's Guarantor

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, at the date of the Sale and Purchase Agreement, the Purchaser, the Purchaser's Guarantor and their respective ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

### **Subject Matter**

Pursuant to the Sale and Purchase Agreement, the Vendors shall sell and the Purchaser shall acquire 100% equity interests in the Target Company at a consideration of RMB1,726,457,696 (subject to adjustments, if any) and subject to the terms and conditions of the Sale and Purchase Agreement. The Purchaser shall also settle the outstanding current accounts of the Target Company due to the related parties of the Target Company.

### **Consideration**

The consideration for the Disposal shall be payable in cash by the Purchaser to the Vendors in the following manner:

- (i) an amount of RMB167,220,248 shall be payable by the Purchaser to the Vendors' designated account within 5 days from the date of the Sale and Purchase Agreement (the "**First Instalment**");
- (ii) on the Completion Date:
  - a. an amount of RMB543,136,206 shall be payable by the Purchaser to the Vendors' designated account (the "**Completion Payment**");
  - b. the account payables of the Target Company due to the related parties of the Target Company in the amount of RMB125,744,788 shall be payable by the Purchaser to the bank account of the Target Company designated by the Vendors which shall be applied towards the settlement of outstanding current accounts of the Target Company due to the related parties of the Target Company; and
  - c. an amount equivalent to the First Instalment shall be payable by the Purchaser to the Vendors' designated account;
- (iii) an amount of RMB180,000,000 shall be payable by the Purchaser to the Vendors' designated account within 3 Business Days from the completion of the resettlement of certain buildings currently located on the Property pursuant to the Sale and Purchase Agreement;

- (iv) an amount of RMB501,660,745 shall be payable by the Purchaser to the Vendors' designated account within 365 days from the Completion Date; and
- (v) the remaining balance of RMB334,440,497 shall be payable by the Purchaser to the Vendors' designated account within 548 days from the Completion Date.

Upon the Vendors' receipt of the Completion Payment and the amount under paragraph (ii)(c) above and the receipt of outstanding current accounts by the related parties of the Target Company pursuant to paragraph (ii)(b) above, the Vendors shall return the First Instalment to the Purchaser (without any interest).

The Vendors shall deliver to the Purchaser within 20 Business Days after the Completion Date the management accounts of the Target Company which contains the net current assets value of the Target Company. The consideration under the Sale and Purchase Agreement shall be adjusted upwards or downwards by reference to net current assets value as stated in the management accounts. The consideration under the Sale and Purchase Agreement may also be adjusted if the Vendors shall provide to the Purchaser tax invoices of public utilities charges on or before 30 June 2017.

The consideration was determined after arm's length negotiations between the Vendors and the Purchaser and on normal commercial terms, taking into account the value of the saleable gross floor area of the Property with reference to the prevailing real estate market conditions in the PRC. The Directors believe that the terms of the Disposal are fair and reasonable and in the interests of the shareholders of the Company as a whole.

### **Terms and Conditions**

On the date of the Sale and Purchase Agreement, the Purchaser shall enter into an equity pledge agreement with each of the Vendors respectively, pursuant to which the Purchaser shall pledge to the Vendors the equity interests (the total percentage of which is equivalent to the unpaid proportion of the consideration over the total consideration) in the Target Company to secure the performance of the obligations by the Purchaser under the Sale and Purchase Agreement with effect from the date on which such equity interests are held under the Purchaser's name. The Vendors shall assist to discharge/release the relevant proportion of equity interests pledged in the Target Company corresponding to the proportion of payment made by the Purchaser in accordance with the Sale and Purchase Agreement from time to time.

Completion shall be conditional upon the Target Company having obtained the relevant governmental approval for the Disposal under the Sale and Purchase Agreement (the "**Approval**").

The parties to the Sale and Purchase Agreement agreed that the Vendors and the Purchaser shall seek to obtain the Approval within 180 days (with a grace period of 60 days at the option of the Vendors) from the date of the Sale and Purchase Agreement (the “**Long Stop Date**”). If the Approval is not obtained by the Long Stop Date, and within 7 days thereafter no agreement is reached between the Vendors and the Purchaser on alternative arrangement, the Sale and Purchase Agreement shall be terminated at the agreement of the Vendors and the Purchaser. If the failure to obtain the Approval is due to the breach of any term of the Sale and Purchase Agreement by the Vendors, the Vendors shall return the First Instalment to the Purchaser (without any interest) and pay an amount equivalent to the First Instalment to the Purchaser within 5 days of termination. If the failure to obtain the Approval is due to the breach of any term of the Sale and Purchase Agreement by the Purchaser, the Purchaser shall pay an amount equivalent to the First Instalment to the Vendors or the Vendors are entitled to forfeit the First Instalment.

After obtaining of the Approval, the Vendors and the Purchaser shall seek to obtain:

- (i) the consent of registration from the relevant administration for industry and commerce in relation to the Disposal and the new business licence of the Target Company (if any); and
- (ii) the approval from the relevant foreign exchange administration authority in relation to the payment of consideration under the Sale and Purchase Agreement.

Completion shall take place within 5 days from the date of the obtaining of the last of the Approval and the abovementioned consent and approval. If Completion does not take place due to the failure to comply with the terms of the Sale and Purchase Agreement by any party to the Sale and Purchase Agreement (the “**defaulting party**”), the non-defaulting party (either the Vendors or the Purchaser) will have the right to (i) proceed to Completion to the extent possible; (ii) postpone the Completion Date for not more than 10 Business Days; or (iii) terminate the Sale and Purchase Agreement. Should the non-defaulting party choose to terminate the Sale and Purchase Agreement, if the defaulting party is the Vendors or the Vendors’ Guarantor, the Vendors shall return the First Instalment to the Purchaser (without any interest) and pay an amount equivalent to the First Instalment to the Purchaser within 5 days of termination; whereas if the defaulting party is the Purchaser or the Purchaser’s Guarantor, the Purchaser shall pay an amount equivalent to the First Instalment to the Vendors or the Vendors are entitled to forfeit the First Instalment.

The Vendors' Guarantor agrees to secure the performance of the obligations of the Vendors under the Sale and Purchase Agreement jointly and severally with the Vendors. Whereas the Purchaser's Guarantor agrees to secure the performance of the obligations of the Purchaser under the Sale and Purchase Agreement jointly and severally with the Purchaser.

## **Completion**

On Completion, the Vendors shall transfer 100% equity interests in the Target Company, including interests in the Property, to the Purchaser pursuant to the terms of the Sale and Purchase Agreement.

## **INFORMATION OF THE GROUP, THE VENDORS AND THE VENDORS' GUARANTOR**

The Company, through its subsidiaries and associates, is one of the leading property developers in the PRC. The Group principally engages in the development, sale, leasing, management and ownership of high-quality residential, office, retail, entertainment and cultural properties in the PRC. The Vendors and the Vendors' Guarantor are wholly-owned subsidiaries of the Company and principally engage in investment holding.

## **INFORMATION RELATING TO THE TARGET COMPANY**

The Target Company is legally and beneficially owned by the Vendors and is a property development company. It is a company established in the PRC on 29 February 2008 and holds the land use right to the Property.

As at 29 February 2016, the unaudited net asset value of the Target Company was approximately RMB1,737 million. Set out below is the net profit (both before and after taxation and extraordinary items) of the Target Company for the two years ended 31 December 2015:

	<b>For the year ended 31 December 2014 (unaudited)</b>	<b>For the year ended 31 December 2015 (unaudited)</b>
Net profit before taxation and extraordinary items	RMB-5 million	RMB-5 million
Net profit after taxation and extraordinary items	RMB-5 million	RMB-5 million

## **INFORMATION OF THE PURCHASER AND THE PURCHASER'S GUARANTOR**

The Purchaser, a wholly-owned subsidiary of Country Garden, is a limited liability company established under the laws of the PRC and principally engages in property development and sale, property management, lease, investment, operation and management consultation in the PRC.

The Purchaser's Guarantor is a limited liability company incorporated under the laws of the British Virgin Islands and principally engages in investment holding and rendering of property related sales services.

## **THE REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS**

The Company considers that the Disposal represents an opportunity for the Group to realize its investment in the Foshan project at a fair and reasonable value in the prevailing market conditions, in line with the Company's strategic monetisation plan for its property portfolio. It is intended that the net proceeds will be used for Group general financial purposes.

## **FINANCIAL EFFECT OF THE DISPOSAL**

Upon Completion of the Disposal, the Group will not hold any equity interests of the Target Company, which will no longer be a subsidiary of the Company after the Completion.

It is expected that the Group will record a loss after taxation of approximately RMB90 million from the Disposal, being the difference between (i) the consideration for the sale of the entire equity interests in the Target Company, and (ii) the aggregate of the Group's investment in the Target Company, certain development costs incurred by the Group on the Property prior to the transfer of title to the Property to the Target Company and estimated taxes and other expenses in relation to the Disposal.

## **LISTING RULES IMPLICATION**

As one of the applicable percentage ratios under Chapter 14 of the Listing Rules for the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company, and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“associate(s)”, “connected person(s)” and “subsidiary(ies)”	each has the meaning ascribed to it under 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;
“Company”	Shui On Land Limited (瑞安房地產有限公司), a company incorporated in the Cayman Islands, whose shares are listed on the Main Board of the Stock Exchange (stock code: 272);
“Completion”	completion of the Disposal as contemplated under the Sale and Purchase Agreement;
“Completion Date”	date of completion of the Disposal as contemplated under the Sale and Purchase Agreement;
“Country Garden”	Country Garden Holdings Company Limited (碧桂園控股有限公司), a company incorporated in the Cayman Islands, whose shares are listed on the Main Board of the Stock Exchange (stock code: 2007);
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal by the Vendors of the entire equity interests in the Target Company to the Purchaser in accordance with the terms and conditions of the Sale and Purchase Agreement;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“PRC”	the People’s Republic of China which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Property”	a land with a total saleable gross floor area of 231,500 sq.m. in Foshan City, Guangdong Province, the PRC; which is directly owned by the Target Company for the purpose of the Disposal pursuant to the Sale and Purchase Agreement;
“Purchaser”	佛山市順德區碧桂園地產有限公司 (Foshan Shunde Country Garden Properties Company Limited), a company incorporated in the PRC;
“Purchaser’s Guarantor”	Angel View International Limited (恒宙國際有限公司), a company incorporated in the British Virgin Islands;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 14 April 2016 entered into among the Vendors, the Purchaser, the Vendors’ Guarantor and the Purchaser’s Guarantor in respect of the Disposal;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	佛山源康房地產發展有限公司 (Fo Shan Yuan Kang Property Development Co., Ltd.), a company established in the PRC and legally and beneficially owned by the Vendors;
“Vendors’ Guarantor”	Shui On Development (Holding) Limited, a company incorporated in the Cayman Islands with limited liability, and a wholly-owned subsidiary of the Company;
“Vendors”	Crown Fame Limited (興合有限公司), a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company;  Eastern View Limited (益勵有限公司), a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company;



Info Union Limited (盈源有限公司), a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company;

Land Pacific Limited (立恒有限公司), a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company;

Oriental Host Limited (東享有限公司), a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company;

Regal Victory Limited (南詠有限公司), a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company;

Rich Prime Limited (才邦有限公司), a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company; and

Smart Century Limited (源捷有限公司), a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company;

“sq.m.”

square metre(s); and

“%”

per cent.

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

Hong Kong, 14 April 2016

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

*\* For identification purposes only*