

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

DISCLOSEABLE AND CONNECTED TRANSACTIONS

DISPOSAL OF HOTEL PROJECT

**AT HONGQIAO COMMERCIAL CORE ZONE, MINHANG DISTRICT,
SHANGHAI, THE PRC KNOWN AS THE HUB HOTEL**

AND

DISPOSAL OF SHARES IN MAGIC GARDEN

THE TRANSACTIONS

Disposal of The HUB Hotel

On 27 August 2014, Shine First, an indirect wholly-owned subsidiary of the Company, and Wisdom Joy, an indirect wholly-owned subsidiary of GE Holdings, entered into The HUB Hotel Framework Deed pursuant to which Shine First has agreed to procure Shanghai Ruiqiao (its PRC wholly-owned subsidiary) to sell, and Wisdom Joy has agreed to establish a new PRC wholly-owned subsidiary (the “**GE Subsidiary**”) and procure the GE Subsidiary to purchase, The HUB Hotel.

The aggregate consideration to be received by Shanghai Ruiqiao for The HUB Hotel Disposal is RMB965,000,000. Concurrent with the signing of The HUB Hotel Framework Deed, a deposit in the amount of RMB96,500,000 has been paid by Wisdom Joy into an escrow account.

** For identification purposes only*

Upon the establishment of the GE Subsidiary and subject to the fulfilment of certain conditions by each of Shine First and Wisdom Joy under The HUB Hotel Framework Deed, Shine First will procure Shanghai Ruiqiao and Wisdom Joy will procure the GE Subsidiary to enter into the PRC SPAs to implement The HUB Hotel Disposal.

Wisdom Joy has granted Shine First a right to share any profit made by the GE Group upon any sale of interest in The HUB Hotel by the GE Group within 6 years following completion of The HUB Hotel Disposal subject to certain conditions and the cap of such profit sharing shall not exceed RMB10,000,000.

Wisdom Joy has also agreed that, in the event that the GE Group intends to sell any interest in The HUB Hotel within 6 years following completion of The HUB Hotel Disposal, it will first notify Shine First of such intention and negotiate with the Group on a non-exclusive basis over such sale.

Disposal of shares in Magic Garden

On 27 August 2014, CXI, an indirect wholly-owned subsidiary of the Company, and G.E. Hotel, an indirect wholly-owned subsidiary of GE Holdings, entered into the Magic Garden SPA pursuant to which (1) CXI has agreed to sell, and G.E. Hotel has agreed to purchase, the MGI Sale Shares and (2) CXI has agreed to assign to G.E. Hotel, and G.E. Hotel has agreed to assume, CXI's rights in the MGI Shareholder Loan.

The aggregate consideration to be received by CXI for the MGI Disposal will be determined based on the following:

- (1) for the sale and purchase of the MGI Sale Shares, based on the net asset value of the Langham Xintiandi Hotel business as at 31 August 2014 (to be calculated using an agreed valuation for the Langham Xintiandi Hotel of RMB1,739,000,000 and excluding deferred tax and intangible assets and liabilities) and multiplied by CXI's proportional interest in Magic Garden as represented by the MGI Sale Shares (currently being two-thirds); such consideration amount will be subject to an adjustment (not to exceed RMB10,000,000) after completion of the MGI Disposal in an amount determined based on the difference, if any, between (a) the net asset value of the Langham Xintiandi Hotel business as at completion of the MGI Disposal (using the same agreed valuation for the Langham Xintiandi Hotel and exclusions as those used for the 31 August 2014 net asset value calculation) and (b) the aggregate total of (i) the net asset value of the Langham Xintiandi Hotel business as at 31 August 2014 plus (ii) the profits and losses of the Langham Xintiandi Hotel business between 1 September 2014 and completion of the MGI Disposal, and multiplying such difference by CXI's proportional interest in Magic Garden as represented by the MGI Shares (currently being two-thirds), and

(2) for the assignment and assumption of the rights in the MGI Shareholder Loan, based on the amount of the MGI Shareholder Loan (currently being RMB466,900,000 at completion of the MGI Disposal on a dollar-for-dollar basis.

Within 2 days of the signing of the Magic Garden SPA, a deposit in the amount of RMB60,000,000 will be paid by G.E. Hotel to CXI.

CXI currently owns the MGI Sale Shares and the rights in the MGI Shareholder Loan. Magic Garden, through Victorious Run and Landton, owns 50% equity interest in Shanghai Li Xing, through which Magic Garden indirectly beneficially owns the land use rights and building ownership rights pertaining to Langham Xintiandi Hotel.

In addition to Langham Xintiandi Hotel, Shanghai Li Xing also holds the land use rights and building ownership rights pertaining to the Andaz Hotel, which rights are in turn beneficially owned by Trillion Full and Metro Land, independent third parties to the Group and the GE Group and collectively holders of the other 50% of equity interest in Shanghai Li Xing. Under the Magic Garden SPA, for a period of 3 years after completion of the MGI Disposal, G.E. Hotel will procure Shanghai Li Xing to appoint CXI (or its affiliate as CXI may designate) as agent to facilitate the completion of the Proposed Li Xing Demerger as described in this announcement such that, after completion of the Proposed Li Xing Demerger, (1) Magic Garden (through Victorious Run and Landton) will wholly own a company that holds the land use rights and building ownership rights of, and assume all the liabilities pertaining to, Langham Xintiandi Hotel and (2) Trillion Full and Metro Land will wholly own a company that holds the land use rights and building ownership rights of, and assume all the liabilities pertaining to, the Andaz Hotel. CXI shall be responsible for two-thirds of the costs arising from the Proposed Li Xing Demerger that should be borne by any member of the MGI Group.

In the event that the Proposed Li Xing Demerger is not completed within 3 years (subject to extension to 4 years if CXI pays G.E. Hotel an extension fee of RMB10,000,000) after the date of the completion of the MGI Disposal, CXI will procure Trillion Full and Metro Land to sell their entire interest in Shanghai Li Xing to Landton in return for the disposal of Shanghai Li Xing's entire interest in the Andaz Hotel to Trillion Full and Metro Land or their nominees. If CXI is unable to procure the completion of such transaction, G.E. Hotel will procure that Shanghai Li Xing sell its entire interest in Langham Xintiandi Hotel to a member of the GE Group. CXI will be responsible for two-thirds of the costs arising from either of the foregoing sales transactions (including, without limitation, land transfer fees related to the Langham Xintiandi Hotel and any taxes (including but not limited to business taxes, land and asset appreciation taxes and value added taxes)).

G.E. Hotel has granted CXI a right to share any profit made by the GE Group upon any sale of interest in Langham Xintiandi Hotel by the GE Group within 6 years following completion of the MGI Disposal, subject to certain conditions and the cap of such profit sharing not exceed RMB10,000,000.

LISTING RULES IMPLICATIONS

At the date of this announcement, Mr. LO, who is the executive Director and Chairman of the Company, and his associates are together entitled to control the exercise of more than 30% of the voting power of general meetings of the Company. Accordingly, Mr. LO and his associates are connected persons of the Company. Mr. LO is also a non-executive Director of GE Holdings and by virtue of being a discretionary object of a discretionary trust which owns more than 30% of the issued share capital of GE Holdings, Mr. LO is an associate of the controlling shareholder of GE Holdings. Therefore, Wisdom Joy, the GE Subsidiary and G.E. Hotel, all being subsidiaries of GE Holdings, are associates of a connected person of the Company and thus connected persons of the Company under Chapter 14A of the Listing Rules.

As such, the transactions contemplated under The HUB Hotel Framework Deed and the Magic Garden SPA constitute connected transactions for the Company under the Listing Rules.

As one or more of the applicable percentage ratios calculated in respect of the Transactions pursuant to Rule 14.07 of the Listing Rules exceed 5% but is/are less than 25% when aggregated, the Transactions together constitute discloseable and connected transactions of the Company that are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

As Mr. LO is considered to have material interests in the Transactions given his interests in GE Holdings, Mr. LO and his associates will abstain from voting on the resolutions to be proposed at the EGM for approving the Transactions.

The Independent Board Committee has been established to give recommendations to the Independent Shareholders on the terms of the Transactions. Platinum has been appointed by the Company as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM AND DESPATCH OF CIRCULAR

An EGM will be held for the Independent Shareholders to consider and, if appropriate, approve the Transactions. Pursuant to the Listing Rules, any Shareholders with a material interest in the Transactions will abstain from voting on resolution(s) to be proposed at the EGM for approving the Transactions. To the best of the knowledge of the Directors, except for Mr. LO and his associates, no Shareholders will be required to abstain from voting on the resolution(s) to approve the Transactions at the EGM.

A circular containing, among other things, (i) further particulars of the Transactions; (ii) a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iv) a summary of the property valuation report and a letter from the Property Valuer; and (v) the notice of the EGM will be despatched to the Shareholders as soon as practicable, but in any event within 15 Business Days after the date of publication of this announcement.

WARNING: As completion of each of the Transactions is subject to the fulfilment of certain conditions precedent, the issue of this announcement should not be regarded in any way as implying that the Transactions (or any one of them) will be completed. Therefore, the Shareholders, investors in general and holders of securities of the Company should exercise caution when dealing in the securities of the Company.

DISPOSAL OF THE HUB HOTEL

Information on The HUB Hotel

The HUB Hotel is a hotel project under construction located at Building #4, D17 Block, Land Plot 06, Phase I of Hongqiao Commercial Core Zone, Minhang District, Shanghai. It is part of the Group's development project known as The HUB, which is strategically located next to the Hongqiao Transportation Hub in Shanghai and linked directly to major rail, air, underground and road transportation facilities. The HUB Hotel, when completed, is expected to have aboveground gross floor area of approximately 32,000 square metres and underground gross floor area of approximately 14,000 square metres, with 403 guest rooms and various hotel and entertainment facilities. Construction of The HUB Hotel is scheduled to be completed in 2015.

At 30 June 2014, the book value of The HUB Hotel was RMB683,300,000. It is expected that the book value of The HUB Hotel at The HUB Hotel Handover will be approximately RMB898,000,000.

Based on the Asset Valuation Report prepared by DTZ, a property valuer that is independent from both the GE Group and the Group, the value of The HUB Hotel is RMB962,000,000 at 25 August 2014.

There were no net profits attributable to The HUB Hotel for the two financial years ended 31 December 2012 and 31 December 2013.

The HUB Hotel Framework Deed

Date

27 August 2014

Parties

- (1) Shine First
- (2) Wisdom Joy

The HUB Hotel Disposal

Shine First has agreed to procure Shanghai Ruiqiao to sell, and Wisdom Joy has agreed to establish the GE Subsidiary and procure the GE Subsidiary to purchase, The HUB Hotel.

Upon the establishment of the GE Subsidiary and subject to the fulfilment of certain conditions by each of Shine First and Wisdom Joy under The HUB Hotel Framework Deed, Shine First will procure Shanghai Ruiqiao, and Wisdom Joy will procure the GE Subsidiary, to enter into the Aboveground Pre-SPA and the Underground Preliminary SPA (the “**Preliminary PRC SPAs**”) to commence implementation of The HUB Hotel Disposal within the PRC.

Consideration

The aggregate consideration to be received by Shanghai Ruiqiao for The HUB Hotel Disposal is RMB965,000,000, comprising cash payments of:

- (1) RMB772,000,000, being the consideration payable by the GE Subsidiary for the aboveground portion of The HUB Hotel, 50% of which will be payable within 15 days of the signing of the Aboveground Pre-SPA (RMB386,000,000, being the “**PRC Initial Payment**”) and 50% of which will be payable on or about The HUB Hotel Handover (in each case subject to grace periods); and
- (2) RMB193,000,000, being the consideration payable by the GE Subsidiary for the underground portion of The HUB Hotel and certain car parking spaces of The HUB Hotel, 100% of which will be payable within 15 days of The HUB Hotel Handover and after satisfaction of certain other related conditions (and subject to grace periods).

The consideration for The HUB Hotel Disposal is based on arm’s length negotiation between Shine First and Wisdom Joy, with reference to the valuation of The HUB Hotel prepared by the Property Valuer and the prevailing market value of comparable land transactions in Shanghai.

Deposit

Concurrent with the signing of The HUB Hotel Framework Deed, Wisdom Joy paid a deposit in the amount of RMB96,500,000 into an escrow account. The deposit will be released to Shine First if:

- (1) the GE Subsidiary has not been set up with the necessary capacity to acquire The HUB Hotel (including having sufficient funds to satisfy the PRC Initial Payment) by The HUB Hotel Disposal Long Stop Date due to a breach by Wisdom Joy of its obligation under The HUB Hotel Framework Deed to use all reasonable best endeavours to set up the GE Subsidiary, and Shine First terminates The HUB Hotel Framework Deed;
- (2) all of the conditions precedent to signing the Preliminary PRC SPAs have been fulfilled (or waived), Shanghai Ruiqiao has executed the Preliminary PRC SPAs but the GE Subsidiary fails to execute the Preliminary PRC SPAs and The HUB Hotel Framework Deed is terminated; or
- (3) the GE Subsidiary fails to make the PRC Initial Payment on or before the time allowed under the Aboveground Pre-SPA without any penalty being incurred, and the period of such failure is equal to or more than 100 days.

The deposit will be returned to Wisdom Joy if:

- (1) the GE Subsidiary and Shanghai Ruiqiao have entered into the Preliminary PRC SPAs and Shanghai Ruiqiao has received the PRC Initial Payment;
- (2) if any of the conditions precedent to signing the Preliminary PRC SPAs has not been fulfilled (or waived) by The HUB Hotel Disposal Long Stop Date and The HUB Hotel Framework Deed is terminated (except where the GE Subsidiary has not been set up with the necessary capacity to acquire The HUB Hotel by The HUB Hotel Disposal Long Stop Date due to a breach by Wisdom Joy of its obligation under The HUB Hotel Framework Deed to use all reasonable best endeavours to set up the GE Subsidiary);
- (3) all of the conditions precedent to signing the Preliminary PRC SPAs have been fulfilled (or waived), the GE Subsidiary has executed the Preliminary PRC SPAs but Shanghai Ruiqiao fails to execute the Preliminary PRC SPAs and The HUB Hotel Framework Deed is terminated;
- (4) The HUB Hotel Framework Deed is terminated due to a warranty breach by either party; or
- (5) the GE Subsidiary fails to make the PRC Initial Payment on or before the time allowed under the Aboveground Pre-SPA without any penalty being incurred, but the period of such failure is less than 100 days (in which case the deposit will be released upon payment by the GE Subsidiary of the PRC Initial Payment together with all penalties payable pursuant to the Aboveground Pre-SPA).

Exclusivity granted to the GE Subsidiary

From the date of The HUB Hotel Framework Deed to the earlier of (i) the date on which all of the PRC SPAs are signed, and (ii) the termination of The HUB Hotel Framework Deed pursuant to its terms, Shine First shall not, and shall procure that Shanghai Ruiqiao does not:

- (1) dispose of The HUB Hotel or enter into an agreement for the same; or
- (2) enter into any agreement in relation to the management of any part of The HUB Hotel other than contemplated under The HUB Hotel Framework Deed or any of the PRC SPAs.

Obligations to set up the GE Subsidiary

Wisdom Joy agrees to use all reasonable best efforts to set up the GE Subsidiary with the necessary capacity to acquire The HUB Hotel (including having sufficient funds to satisfy the PRC Initial Payment).

Conditions precedent to the signing of the Preliminary PRC SPAs

The signing of the Preliminary PRC SPAs are subject to the fulfilment of the following conditions on or before The HUB Hotel Disposal Long Stop Date (unless otherwise specified below):

- (1) each of Shine First and Wisdom Joy has obtained the approval of its and its holding companies' shareholders (including the approval by the shareholders of the Company and GE Holdings) in respect of The HUB Hotel Framework Deed and the transactions contemplated under it in accordance with all applicable laws and regulations (including, without limitation, the Listing Rules and each of Shine First's and Wisdom Joy's constitutional documents);
- (2) the GE Subsidiary has been formed by Wisdom Joy with the necessary capacity to acquire The HUB Hotel (including having sufficient funds to satisfy the PRC Initial Payment);
- (3) Shine First has delivered a floor plan of The HUB Hotel that does not materially deviate from the floor plan of The HUB Hotel appended to The HUB Hotel Framework Deed;
- (4) Shine First has delivered to Wisdom Joy certain third party consent letters required for The HUB Hotel Disposal;
- (5) Shine First has delivered to Wisdom Joy a copy of the initial deed of mutual covenants and the property management agreement for The HUB development project that complies with the terms of The HUB Hotel Framework Deed; and
- (6) certain material matters set out in The HUB Hotel Framework Deed in respect of The HUB Hotel remain true, accurate and complete and not misleading.

Signing of the Preliminary PRC SPAs will occur on the tenth Business Day after the fulfilment (or waiver, if applicable) of all the conditions precedent, or such other date as Shine First and Wisdom Joy may agree in writing.

Completion of The HUB Hotel Disposal

Completion of The HUB Hotel Disposal will occur when the title of The HUB Hotel is registered under the name of the GE Subsidiary in accordance with the terms of the PRC SPAs, which is expected to occur before 30 April 2016.

Payment upon The HUB Hotel Exit Sale by Wisdom Joy

Wisdom Joy has agreed that if a member of the GE Group enters into an agreement to sell any interest in The HUB Hotel within 6 years following completion of The HUB Hotel Disposal (“**The HUB Hotel Exit Sale**”), and where the Gross Consideration After Tax (as defined below) exceeds the product of The HUB Hotel Hurdle Capital Value (as defined below) and the proportion of the interest in The HUB Hotel that has been disposed of by the GE Group after completion of The HUB Hotel Disposal, Wisdom Joy shall pay to Shine First an amount equivalent to 10% of such excess upon completion of The HUB Hotel Exit Sale, which shall be calculated in accordance with the following formula:

$$[X - (A+B) \times P] \times 10\%$$

where:

- X = the gross consideration of The HUB Hotel Exit Sale less all tax payable by the GE Group in respect of The HUB Hotel Exit Sale (“**Gross Consideration After Tax**”);
- A+B = (“**The HUB Hotel Hurdle Capital Value**”);
- A = the capital value of The HUB Hotel upon completion of The HUB Hotel Exit Sale that would produce an internal rate of return of 8.5% per annum on the consideration paid by the GE Group for The HUB Hotel Disposal, plus incidental acquisition costs incurred by the GE Group in the acquisition of The HUB Hotel;
- B = the capital value of The HUB Hotel upon completion of The HUB Hotel Exit Sale that would produce an internal rate of return of 8.5% per annum on the total accrued costs for renovation, furniture, fixtures and equipment (including all incidental costs such as legal costs, taxes and duties) incurred by the GE Group in respect of The HUB Hotel up to completion of The HUB Hotel Exit Sale; and
- P = the proportionate interest in The HUB Hotel that has been disposed of by the GE Group

provided that the maximum amount that Wisdom Joy shall pay to Shine First (or a nominee notified by Shine First to Wisdom Joy) in respect of such excess under The HUB Hotel Framework Deed shall not exceed RMB10,000,000.

Right of First Notification

Wisdom Joy has agreed to notify Shine First in the event the GE Group intends to sell any interest in The HUB Hotel within 6 years following completion of The HUB Hotel Disposal, as follows:

- (1) Where a member of the GE Group (the “**Selling Member**”) proposes to sell any interest in The HUB Hotel, Wisdom Joy will first notify Shine First (or any other wholly-owned subsidiary of the Company as nominated by it) (the “**Buying Member**”) such proposed sale and the minimum price for such sale (the “**Floor Price**”) by delivering a written notice (the “**Disposal Notice**”) to Shine First stating the Floor Price.
- (2) The Buying Member may, within 5 Business Days after receipt of the Disposal Notice, notify Wisdom Joy on whether it or any other member of the Group is interested in acquiring such interest in The HUB Hotel. If the Buying Member or any other member of the Group is interested in acquiring such interest in The HUB Hotel and a notification is received by Wisdom Joy on or before the 5 Business Day deadline, Wisdom Joy agrees to negotiate with the Buying Member or such other member of the Group on a non-exclusive basis in respect of such interest in The HUB Hotel at a price no less than the Floor Price within the 180-day period commencing from the date of the Disposal Notice. Wisdom Joy undertakes not to enter into any binding sale and purchase agreement in respect of such interest in The HUB Hotel with any party at a price which is less than the Floor Price within such 180-day period.
- (3) If the Selling Member fails to enter into a binding agreement for such interest in The HUB Hotel with any party at a price which is not less than the Floor Price within such 180-day period, or, if a binding agreement for such interest in The HUB Hotel is entered into with any party at a price which is not less than the Floor Price within such 180-day period but such sale fails to complete subsequently, then the right of the Selling Member to sell such interest in The HUB Hotel shall again be subject to the provisions described above.
- (4) The provisions described above shall not apply where (i) the proposed sale of interest is in connection with an initial public offering or spin-off listing of the shares in the direct or indirect owner of The HUB Hotel on any internationally recognised stock exchange, (ii) the transferee of such proposed sale is controlled by GE Holdings, (iii) the transferee of such proposed sale is an investment fund in which one of the group members of GE Holdings is a general partner, or (iv) GE Holdings is interested in at least 30% of equity interest in the transferee at the time of completion of the sale of The HUB Hotel.

The PRC SPAs

Shine First will procure Shanghai Ruiqiao, and Wisdom Joy will procure the GE Subsidiary, to enter into the PRC SPAs in accordance with the terms of The HUB Hotel Framework Deed and the Preliminary PRC SPAs. The HUB Hotel Handover and completion of The HUB Hotel Disposal will be subject to the terms and conditions set out in the PRC SPAs. A brief summary of the PRC SPAs are set out below:

The Aboveground Pre-SPA

The Aboveground Pre-SPA provides that, upon completion acceptance (竣工驗收) of the underground and aboveground portions of The HUB Hotel, Shanghai Ruiqiao shall proceed to handover the aboveground portion of The HUB Hotel to the GE subsidiary.

The Aboveground Pre-SPA also provides that within 15 days of its signing, the GE Subsidiary shall pay to Shanghai Ruiqiao RMB386,000,000, with the remainder of the consideration payable on or about the day when the aboveground portion of The HUB Hotel is handed over (in each case subject to grace periods).

The Underground Preliminary SPA

The Underground Preliminary SPA provides that, upon completion acceptance (竣工驗收) of the underground and aboveground portions of The HUB Hotel, Shanghai Ruiqiao shall proceed to handover the underground portion of The HUB Hotel (together with certain car parking spaces of The HUB Hotel) to the GE Subsidiary, and Shanghai Ruiqiao and the GE Subsidiary shall enter into the Underground Hotel SPA and the Carpark SPAs.

The Underground Preliminary SPA provides that the consideration payable for the underground portion of The HUB Hotel (together with certain car parking spaces of The HUB Hotel) shall be RMB193,000,000, which shall be payable within 15 days of The HUB Hotel Handover and after satisfaction of certain other related conditions (and subject to grace periods).

The Underground Hotel SPA and the Carpark SPAs

After Shanghai Ruiqiao has obtained PRC legal title to The HUB Hotel, Shanghai Ruiqiao and the GE Subsidiary will enter into the Underground Hotel SPA and the Carpark SPAs to complete the transfer of the PRC legal title of the underground portion of The HUB Hotel (together with certain car parking spaces of The HUB Hotel) to the GE Subsidiary.

Financial effect of and use of proceeds from The HUB Hotel Disposal

After deducting estimated tax and other expenses of approximately RMB57,800,000, the Group anticipates that it will realise a gain of approximately RMB9,200,000 as a result of The HUB Hotel Disposal.

The Group intends to apply the proceeds from The HUB Hotel Disposal to repay certain outstanding debt and for other investment opportunities.

THE MGI DISPOSAL

Information on Magic Garden

Magic Garden is an investment holding company incorporated in BVI and held as to two-thirds by CXI and one-third by G.E. Hotel. At the date of this announcement, Magic Garden, through its wholly-owned subsidiaries, Victorious Run and Landton, owns 50% equity interest in Shanghai Li Xing, through which Magic Garden indirectly beneficially owns the land use rights and building ownership rights pertaining to Langham Xintiandi Hotel. After the completion of the MGI Disposal, Magic Garden will be a wholly-owned subsidiary of G.E. Hotel.

At 30 June 2014, the book value of the MGI Shares was negative RMB102,000,000.

For the two financial years ended 31 December 2012 and 31 December 2013, the net loss attributable to the MGI Shares was RMB35,000,000 and RMB79,000,000, respectively.

Information on Langham Xintiandi Hotel

Langham Xintiandi Hotel is a hotel located at 4/1 Qiu, Jiefang 108, Huaihai Middle Road, Luwan District (now known as Huangpu District), and is next to 上海新天地 (Shanghai Xintiandi), which is owned by the Group and is a renowned destination for leisure and entertainment as well as commerce and residence in Shanghai. It is a luxury hotel comprising 28 storeys and a five-level basement with a total gross floor area of approximately 53,407 square metres, providing 357 guest rooms and various hotel and entertainment facilities. Langham Xintiandi Hotel opened in 2012.

Based on the Asset Valuation Report prepared by the Property Valuer, the asset value of Langham Xintiandi Hotel is RMB1,737,000,000 at 25 August 2014.

Information on Shanghai Li Xing and the Proposed Li Xing Demerger

In addition to Langham Xintiandi Hotel, Shanghai Li Xing also holds the land use rights and building ownership rights pertaining to the Andaz Hotel, which rights are in turn beneficially owned by Trillion Full and Metro Land, independent third parties to the Group and the GE Group and collectively holders of the other 50% of equity interest in Shanghai Li Xing. Under the Magic Garden SPA, for a period of 3 years after completion of the MGI Disposal, G.E. Hotel will procure Shanghai Li Xing to appoint CXI (or its affiliate as CXI may designate) as agent to facilitate the completion of a proposed demerger of Shanghai Li Xing (the “**Proposed Li Xing Demerger**”) that will result in:

- a company holding the land use rights and building ownership rights of, and assuming all the liabilities pertaining to, the Andaz Hotel will be owned solely by Trillion Full and Metro Land; and
- a company holding the land use rights and building ownership rights of, and assuming all the liabilities pertaining to, Langham Xintiandi Hotel will be wholly-owned by Magic Garden through Victorious Run and Landton.

THE MAGIC GARDEN SPA

Date

27 August 2014

Parties

(1) CXI

(2) G.E.

Hotel

The MGI Disposal

At the completion of MGI Disposal:

(1) CXI will sell, and G.E. Hotel will buy, the MGI Sale Shares; and

(2) CXI will assign to G.E. Hotel, and G.E. Hotel will assume, CXI’s rights to the MGI Shareholder Loan.

Consideration

The aggregate consideration to be received by CXI for the MGI Disposal comprises:

- (1) for the sale and purchase of the MGI Sale Shares, based on the net asset value of the Langham Xintiandi Hotel business as at 31 August 2014 (to be calculated using an agreed valuation for the Langham Xintiandi Hotel of RMB1,739,000,000 and excluding deferred tax and intangible assets and liabilities) and multiplied by CXI's proportional interest in Magic Garden as represented by the MGI Sale Shares (currently being two-thirds); such consideration amount will be subject to an adjustment (not to exceed RMB10,000,000) after completion of the MGI Disposal in an amount determined based on the difference, if any, between (a) the net asset value of the Langham Xintiandi Hotel business as at completion of the MGI Disposal (using the same agreed valuation for the Langham Xintiandi Hotel and exclusions as those used for the 31 August 2014 net asset value calculation) and (b) the aggregate total of (1) the net asset value of the Langham Xintiandi Hotel business as at 31 August 2014 plus (2) the profits and losses of the Langham Xintiandi Hotel business between 1 September 2014 and completion of the MGI Disposal, and multiplying such difference by CXI's proportional interest in Magic Garden as represented by the MGI Shares (currently being two-thirds). The Company expects that the aggregate consideration for the sale and purchase of the MGI Sale Shares, after adjustments, shall not exceed RMB600,000,000; and
- (2) for the assignment and assumption of the rights in the MGI Shareholder Loan, based on the amount of the MGI Shareholder Loan (currently being RMB466,900,000) at completion of the MGI Disposal on a dollar-for-dollar basis.

The consideration is based on arm's length negotiation between CXI and the G.E. Hotel, with reference to an agreed valuation for the Langham Xintiandi Hotel by the parties.

Deposit

Within 2 days after the signing of the Magic Garden SPA, G.E. Hotel will pay to CXI a deposit in the amount of RMB60,000,000. The deposit will be off-set against the consideration payable by G.E. Hotel at completion of the MGI Disposal. If the MGI Disposal does not proceed to completion, G.E. Hotel is entitled to the return of the deposit (except in certain limited situations specified in the Magic Garden SPA).

Conditions to the MGI Disposal

Completion of the MGI Disposal is subject to the fulfilment of the following conditions on or before 31 December 2014, which may be extended if the parties agree in writing:

- (1) each of the Company and GE Holdings has obtained shareholders' approval for the MGI Disposal;
- (2) the MGI Group and Shanghai Li Xing have obtained certain debt consents for the MGI Disposal and such consents have not been withdrawn;
- (3) all trading and non-trading debts between the Group and members of the MGI Group regarding the Langham Xintiandi Hotel business have been settled;
- (4) board resolutions of Shanghai Li Xing duly executed by the board of directors of Shanghai Li Xing, approving (i) the resignation of directors, supervisors and general manager of Shanghai Li Xing appointed by the Group, (ii) the appointment of persons nominated by the G.E. Hotel as directors, supervisors and general manager of Shanghai Li Xing, (iii) the resignation of Mr. LO as the legal representative of Shanghai Li Xing, (iv) the appointment of a person nominated by G.E. Hotel as the legal representative of Shanghai Li Xing and, where required, (v) changes to the constitutional documents of Shanghai Li Xing in connection with (iii) and (iv);
- (5) no statute, rule or regulation has been enacted or promulgated by any governmental entity which prohibits the completion of the MGI Disposal, and there has been no order or injunction of a court of competent jurisdiction or order from a governmental entity in effect precluding or prohibiting the completion of the MGI Disposal or prohibiting CXI or G.E. Hotel from performing their respective obligations under the Magic Garden SPA;
- (6) an agreement entered into between Shanghai Li Xing and Shanghai Xintiandi Hotel Management Company Limited confirming that the hotel management agreement between these parties shall cease to be in effect upon and after completion of the MGI Disposal and no claims or demands has been or will be made by either Shanghai Li Xing or Shanghai Xintiandi Hotel Management Company Limited under such hotel management agreement;

- (7) CXI has not materially breached certain warranties relating to the title of Langham Xintiandi Hotel given under the Magic Garden SPA in a way that will result in a material adverse effect on the business of Langham Xintiandi Hotel as a whole;
- (8) CXI has obtained all consents, approvals, clearances and authorisations of any relevant governmental entity or other relevant third party that is necessary for the MGI Disposal; and
- (9) G.E. Hotel has obtained sufficient funding in the PRC for financing the business of Langham Xintiandi Hotel for a period of not more than six years after completion of the MGI Disposal.

Completion of the MGI Disposal shall take place within 10 Business Days (or any other date agreed to by CXI and G.E. Hotel) following the fulfilment (or waiver) of the conditions precedent.

Proposed Li Xing Demerger

Under the Magic Garden SPA, for a period of 3 years after the Completion of the MGI Disposal, G.E. Hotel will procure Shanghai Li Xing to appoint CXI (or its affiliate as CXI may designate) as agent to facilitate the completion of the Proposed Li Xing Demerger. CXI shall be responsible for two-thirds of the costs arising from the Proposed Li Xing Demerger that should be borne by any member of the MGI Group.

In the event that the Proposed Li Xing Demerger is not completed within 3 years (subject to extension to 4 years if CXI pays G.E. Hotel an extension fee of RMB10,000,000) after the Completion of the MGI Disposal, CXI will procure Trillion Full and Metro Land to sell their entire interest in Shanghai Li Xing to Landton in return for the disposal of Shanghai Li Xing's entire interest in the Andaz Hotel to Trillion Full and Metro Land or their nominee(s). If CXI is unable to procure the completion of such transaction, G.E. Hotel will procure that Shanghai Li Xing sells its entire interest in Langham Xintiandi Hotel to a member of the GE Group. CXI will be responsible for two-thirds of the costs arising from either of the foregoing sales transactions (including, without limitation, land transfer fees related to the Langham Xintiandi Hotel and any taxes (including but not limited to business taxes, land and asset appreciation taxes and value added taxes)).

Payment upon Langham Xintiandi Hotel Exit Sale by G.E. Hotel

G.E. Hotel has agreed that if a member of the GE Group enters into an agreement to sell any interest in Langham Xintiandi Hotel within 6 years following completion of the MGI Disposal (the "**Langham Xintiandi Hotel Exit Sale**"), and where two-thirds

of the Gross Consideration After Tax (as defined below) exceeds the product of (i) the Langham Xintiandi Hotel Hurdle Capital Value (as defined below) and (ii) the proportion of interest in Langham Xintiandi Hotel that has been disposed of by the GE Group after completion of the MGI Disposal, G.E. Hotel shall pay to CXI an amount equivalent to 10% of such excess upon completion of the Langham Xintiandi Hotel Exit Sale, which shall be calculated in accordance with the following formula:

$$[X - (A+B) \times P] \times 10\%$$

where:

X = two-thirds the gross consideration of the Langham Xintiandi Hotel Exit Sale less all tax payable by the GE Group in respect of the Langham Xintiandi Hotel Exit Sale (“**Gross Consideration After Tax**”);

A+B = (“**Langham Xintiandi Hotel Hurdle Capital Value**”);

A = the capital value of Langham Xintiandi Hotel upon completion of the Langham Xintiandi Hotel Exit Sale that would produce an IRR of 8.5% per annum for the consideration paid by the GE Group for the MGI Disposal, plus incidental acquisition costs (including all incidental costs such as legal costs, taxes and duties) incurred by the GE Group in the MGI Disposal;

B = two-thirds of the capital value of Langham Xintiandi Hotel upon completion of the Langham Xintiandi Hotel Exit Sale that would produce an IRR of 8.5% per annum for the total accrued costs for renovation, furniture, fixtures and equipment (including all incidental costs such as legal costs, taxes and duties) incurred by the GE Group in respect of Langham Xintiandi Hotel up to completion of the Langham Xintiandi Hotel Exit Sale; and

P = the proportionate interest in Langham Xintiandi Hotel that has been disposed of by the GE Group,

provided that the maximum amount that G.E. Hotel shall pay to CXI (or a nominee notified by CXI to G.E. Hotel) in respect of such excess under shall not exceed RMB10,000,000.

Financial Effect of and Use of Proceeds from the MGI Disposal

After deducting estimated tax and other expenses of approximately RMB3,000,000, the Group anticipates that it would realise a loss of RMB200,000 as a result of the MGI Disposal. The Group intends to apply the proceeds from the MGI Disposal to repay some certain outstanding debt and to explore other investment opportunities.

REASONS AND BENEFITS FOR THE HUB HOTEL DISPOSAL AND THE MGI DISPOSAL

The HUB Hotel Disposal and the MGI Disposal will benefit the Group in the following ways:

- (1) the Group intends to focus on property development and China Xintiandi Limited (an indirect wholly-owned subsidiary of the Company) intends to focus on retail and office properties;
- (2) upon completion of the Transactions, the Group will record a net cash inflow of RMB548,000,000, which in turn will reduce the Group's net gearing by 5%;
- (3) the Group's hotel properties generate a lower return than its residential, retail and office properties;
- (4) the Group does not enjoy any synergy from being a hotel owner since the Group does not have a hotel management brand to operate hotel properties, meaning the Group has to pay management fees to hotel operators, which lowers the profitability of the Group's hotel operation; and
- (5) GE Holdings owns Langham Hospitality Group, which is an experienced and successful hotel owner and operator. It is knowledgeable and experienced in the development, operation and management of top quality hotels. Having world-class hotels managed by Langham Hospitality Group within the Group's properties could raise the profile of the "Xintiandi" and "The HUB" brands, which in turn could post a positive impact on the master-plan of the Group and can enhance the long term value of the Group's properties.

LISTING RULES IMPLICATIONS

At the date of this announcement, Mr. LO, who is the executive Director and Chairman of the Company, and his associates are together entitled to control the exercise of more than 30% of the voting power of general meetings of the Company. Accordingly, Mr. LO and his associates are connected persons of the Company. Mr. LO is also a non-executive Director of GE Holdings and by virtue of being a discretionary object of a discretionary trust which owns more than 30% of the issued share capital of GE Holdings, Mr. LO is an associate of the controlling shareholder of GE Holdings. Therefore, Wisdom Joy, G.E. Hotel and the GE Subsidiary, all being subsidiaries of GE Holdings, are associates of a connected person of the Company and thus connected persons of the Company under Chapter 14A of the Listing Rules.

As such, the transactions contemplated under The HUB Hotel Framework Deed and the Magic Garden SPA constitute connected transactions for the Company under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Transactions, when aggregated, exceeds 5% but is/are less than 25%, the Transactions together constitute discloseable and connected transactions of the Company which are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

As Mr. LO is considered to have a material interest in the Transactions given his interests in GE Holdings, Mr. LO and his associates will abstain from voting on the resolutions to be proposed at the EGM for approving the Transactions.

The Independent Board Committee has been established to give recommendations to the Independent Shareholders on the terms of the Transactions. Platinum has been appointed by the Company as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

ADDITIONAL INFORMATION ON THE GROUP, GE HOLDINGS, WISDOM JOY AND G.E. HOTEL

The principal activities of the GE Group include property development and investment, hotel and restaurant operations, acting as manager of real estate investment trust, trading of building materials, share investment, provision of management and maintenance of services, property management and fitness centre operations. Its investment in office properties extends to the United State of America, and its hotel portfolio covers Asia, Austria, Europe, New Zealand and North America.

Wisdom Joy and G.E. Hotel are principally engaged in investment holding and are indirect wholly-owned subsidiaries of the GE Group.

The Group is one of the leading property developers in the PRC. It engages principally in the development, sale, leasing, management and long-term ownership of high-quality residential, office, retail, entertainment and cultural properties in the PRC.

BOARD OPINION

The Directors (excluding (1) Mr. LO, who has a material interest in the Transactions given his interest in GE Holdings; and (2) the members of the Independent Board Committee whose views will be set out in the circular to be despatched to the Shareholders together with the opinion of the Independent Financial Adviser after receiving advice from the Independent Financial Adviser) are of the view that the terms of The HUB Hotel Framework Deed and the Magic Garden SPA have been negotiated on an arm's length basis, on normal commercial terms, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Mr. LO, who has a material interest in the Transactions given his interest in GE Holdings, has abstained from voting on the Board resolutions to approve the Transactions. None of the other Directors has any material interest in the Transactions or was required to abstain from voting on the resolutions passed by the Board to approve the Transactions.

EGM AND DESPATCH OF CIRCULAR

An EGM will be held for the Independent Shareholders to consider and, if appropriate, approve the Transactions. Pursuant to the Listing Rules, any Shareholders with a material interest in the Transactions will abstain from voting on resolution(s) to be proposed at the EGM for approving the Transactions. To the best of the knowledge of the Directors, except for Mr. LO and his associates, no Shareholders will be required to abstain from voting on the resolution(s) to approve the Transactions at the EGM.

A circular containing, among other things, (i) further particulars of the Transactions; (ii) a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iv) a summary of the property valuation report and a letter from the Property Valuer; and (v) the notice of the EGM will be despatched to the Shareholders as soon as practicable, but in any event within 15 Business Days after the date of publication of this announcement.

WARNING: As completion of the Transactions is subject to the fulfilment of certain conditions precedent, the issue of this announcement should not be regarded in any way as implying that the Transactions (or any one of them) will be completed. Therefore, the Shareholders, investors in general and holders of securities of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Aboveground Pre-SPA”	the PRC sale and purchase agreement (預售合同) in respect of the sale and purchase of the aboveground portion of The HUB Hotel;
“Andaz Hotel”	the real property or properties located at 7/1 Qiu, Jiefang 107, Huaihai Middle Road, Luwan District (now known as Huangpu District), Shanghai, the PRC;
“Asset Valuation Report”	the report prepared by the Property Valuer dated 25 August 2014;
“associate(s)”, “controlling shareholder”, “connected person(s)”, “subsidiary(ies)”	each has the meaning defined under the Listing Rules;
“Board”	the board of Directors of the Company;
“Business Day(s)”	a day other than a Saturday, a Sunday or a public holiday in Hong Kong or the PRC, of which banks in Hong Kong and the PRC are open to the general public for business;
“BVI”	the British Virgin Islands;
“Carpark SPAs”	the PRC sale and purchase agreements (出售合同) in respect of the sale and purchase of certain car parking spaces of The HUB Hotel;
“CXI”	China Xintiandi Investment Company Limited, a limited liability company incorporated in the Cayman Islands and an indirectly wholly-owned subsidiary of the Company;
“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: 00272);
“Directors”	the directors of the Company;

“EGM”	the extraordinary general meeting of the Company to be held to approve, among other things, the Transactions;
“G.E. Hotel”	G.E. Hotel (Xintiandi) Limited, a company incorporated in the BVI and an indirect wholly-owned subsidiary of GE Holdings;
“GE Group”	GE Holdings and its subsidiaries;
“GE Holdings”	Great Eagle Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 00041);
“GE Subsidiary”	the entity that Wisdom Joy has agreed under The Hub Hotel Framework Deed to establish as its indirectly wholly-owned PRC subsidiary;
“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;
“Independent Board Committee”	the committee of the Board comprising of all the independent non-executive Directors of the Company, constituted to advise the Independent Shareholders on whether the terms of the Transactions are fair and reasonable;
“Independent Financial Adviser” or “Platinum”	Platinum Securities Company Limited, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Transactions;
“Independent Shareholders”	Shareholders who have no material interest in the Transactions;
“Landton”	Landton Limited (禮東有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of Victorious Run;
“Langham Xintiandi Hotel”	the real property or properties located at 4/1 Qiu, Jifeng 108, Huaihai Middle Road, Luwan District (now known as Huangpu District), Shanghai, the PRC;

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Magic Garden”	Magic Garden Investments Limited, a company incorporated under the laws of BVI with limited liability;
“Magic Garden SPA”	the agreement dated 27 August 2014 related to the MGI Disposal;
“Metro Land”	京投銀泰股份有限公司 (Metro Land Limited*), a company incorporated in the PRC with limited liability and owned by an independent third party;
“MGI Disposal”	the disposal of the MGI Sale Shares by CXI to G.E. Hotel, and the assignment of the MGI Shareholder Loan by CXI to G.E. Hotel, each pursuant to the Magic Garden SPA;
“MGI Group”	Magic Garden, Victorious Run and Landton;
“MGI Sale Shares”	two-thirds of the entire issued share capital of Magic Garden, currently held by CXI;
“MGI Shareholder Loan”	loans in the aggregate amount of RMB466,900,000 owed by Magic Garden (together with other members of the MGI Group) to CXI;
“Mr. LO”	Mr. Vincent H. S. Lo;
“PRC”	the People’s Republic of China, for the purpose of this announcement excluding Hong Kong, Macao Special Administrative Region of the PRC and Taiwan;
“PRC SPAs”	collectively, the Aboveground Pre-SPA, the Underground Preliminary SPA, the Underground Hotel SPA and the Carpark SPAs;
“Preliminary PRC SPAs”	collectively, the Aboveground Pre-SPA and the Underground Preliminary SPA;
“Property Valuer”	DTZ;
“RMB”	Renminbi, the lawful currency of the PRC;

“Shanghai Li Xing”	上海禮興酒店有限公司 (Shanghai Li Xing Hotel Company Limited*), a company incorporated in the PRC with limited liability;
“Shanghai Ruiqiao”	上海瑞橋房地產發展有限公司, a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Shareholders”	the holders of the Shares;
“Shares”	the ordinary shares of the Company with nominal value of US\$0.0025 each;
“Shine First”	Shine First Limited, a company incorporated under the laws of the BVI with limited liability and an indirect wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“The HUB Hotel”	the hotel located at Building #4, D17 Block, Land Plot 06, Phase I of Hongqiao Commercial Core Zone, Minhang District, Shanghai, the PRC;
“The HUB Hotel Disposal”	the proposed disposal of The HUB Hotel by Shine First pursuant to The HUB Hotel Framework Deed and the PRC SPAs;
“The HUB Hotel Disposal Long Stop Date”	31 December 2014, which will be automatically extended to 27 February 2015 if the GE Subsidiary is not set up with the necessary capacity to acquire The HUB Hotel (including having sufficient funds to satisfy the PRC Initial Payment) due to reasons other than failure to comply with obligations under The HUB Hotel Framework Deed (or such later date as Shine First and Wisdom Joy may agree in writing);
“The HUB Hotel Framework Deed”	the deed dated 27 August 2014 relating to the framework for The HUB Hotel Disposal;
“The HUB Hotel Handover”	the physical delivery (實際交付) of The HUB Hotel in its entirety to the GE Subsidiary (inclusive of the aboveground portion of, the underground portion of and certain car parking spaces of The HUB Hotel);

“Transactions”	the transactions contemplated under The HUB Hotel Framework Deed and the Magic Garden SPA, including The HUB Hotel Disposal and the MGI Disposal;
“Trillion Full”	Trillion Full Investments Limited, a company incorporated under the laws of BVI with limited liability and owned by an independent third party;
“Underground Hotel SPA”	the PRC sale and purchase agreement (出售合同) in respect of the sale and purchase of the underground portion of The HUB Hotel;
“Underground Preliminary SPA”	the PRC preliminary sale and purchase agreement (預約定購合同) in respect of the sale and purchase of the underground portion of The HUB Hotel and certain car parking spaces of The HUB Hotel;
“Victorious Run”	Victorious Run Limited, a company incorporated under the laws of BVI with limited liability and a direct wholly-owned subsidiary of Magic Garden;
“Wisdom Joy”	Wisdom Joy Investment Limited, a company incorporated under the laws of BVI with limited liability and an indirect wholly-owned subsidiary of GE Holdings; and
“%”	per cent.

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

Hong Kong, 27 August 2014

At the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman), Mr. Daniel Y. K. WAN and Mr. Philip K. T. WONG; the non-executive director of the Company is Mr. Frankie Y. L. WONG; 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 and Mr. David J. SHAW.

** For identification purposes only*