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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)**

**DISCLOSEABLE TRANSACTION**

**EXERCISE OF THE SALE OPTION BY  
TAIPINGQIAO 116 DEVELOPMENT COMPANY LIMITED**

**AND**

**EXERCISE OF THE PURCHASE OPTION BY  
SHUI ON DEVELOPMENT (HOLDING) LIMITED**

**IN RELATION TO PORTSPIN LIMITED**

Reference is made to the announcement of the Company dated 30 September 2013 and the circular of the Company dated 28 October 2013 in relation to, among other things, the JV Agreement relating to Portspin which contained the terms regarding the grant of the Sale Option to Taipingqiao 116 and the grant of the Purchase Option to Shui On Development.

The Company hereby announces that on 17 December 2014, Taipingqiao 116 exercised the Sale Option to sell to Shui On Development its shares in Portspin pursuant to the JV Agreement. Immediately after the completion of the exercise of the Sale Option which is expected to take place on or before 16 June 2015, Shui On Development's shareholding in Portspin will be increased by 10.2510% from 19.3419% to 29.5929%.

\* *for identification purposes only*

On 24 December 2014, Shui On Development exercised the Purchase Option pursuant to the JV Agreement to acquire a further 10.2695% interest in Portspin. Immediately after the completion of the exercise of the Sale Option by Taipingqiao 116 and the exercise of the Purchase Option by Shui On Development (the **“Exercises of Sale Option and Purchase Option”**) which is expected to occur by 23 June 2015, Shui On Development’s ultimate shareholding in Portspin will be increased by an aggregate of 20.5205% from the original 19.3419% to approximately 39.8624% whereas Taipingqiao 116’s ultimate shareholding in Portspin will be decreased by an aggregate of 20.5205% from the original 80.6581% to approximately 60.1376%.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Exercises of Sale Option and Purchase Option, when aggregated, exceed 5%, the exercise of the Purchase Option by Shui On Development constitutes a discloseable transaction for the Company which is subject to the reporting and announcement requirements but is exempted from shareholders’ approval requirement under the Listing Rules.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 30 September 2013 and the circular of the Company dated 28 October 2013 (the **“Circular”**) in relation to, among other things, the JV Agreement relating to Portspin which contained the terms regarding the grant of the Sale Option to Taipingqiao 116 and the grant of the Purchase Option to Shui On Development. Capitalized terms used herein shall have the same meanings as those defined in the Circular unless otherwise stated.

## **THE EXERCISE OF THE SALE OPTION BY TAIPINGQIAO 116**

As disclosed in the Circular, Taipingqiao 116 has the right under the JV Agreement to sell its shares in Portspin with a value of US\$90 million to Shui On Development, together with the corresponding shareholder’s loan, at the transfer price of US\$81 million pursuant to the terms and conditions of the JV Agreement. Taipingqiao 116 and Shui On Development had agreed that the number of shares in Portspin that are corresponding to the share value of US\$90 million will be determined based on an agreed value of RMB5,367,592,046, which is calculated based on the valuation of TPQ116 Cleared Site as of 31 July 2013 prepared by Knight Frank Petty Limited and certain adjustments arising from the completion balance sheet made in accordance with the JV Agreement.

The Company hereby announces that on 17 December 2014, Taipingqiao 116 exercised the Sale Option according to the mechanism mentioned above. Immediately after the completion of the exercise of the Sale Option which is expected to take place on or before 16 June 2015, Shui On Development's shareholding in Portspin will be increased by 10.2510% from 19.3419% to 29.5929% whereas Taipingqiao 116's shareholding in Portspin will be decreased by 10.2510% from 80.6581% to approximately 70.4071%.

#### **THE EXERCISE OF THE PURCHASE OPTION BY SHUI ON DEVELOPMENT**

Pursuant to the JV Agreement, in the event that Taipingqiao 116 exercises the Sale Option, Shui On Development has the right to exercise the Purchase Option to acquire further shares in Portspin, together with the corresponding shareholder's loan, from Taipingqiao 116.

On 24 December 2014, Shui On Development served an irrevocable written notice to Taipingqiao 116 to exercise the Purchase Option under the JV Agreement to acquire a further 10.2695% interest in Portspin with a value of US\$90 million at the transfer price of US\$81 million. The number of shares in Portspin which corresponds to a value of US\$90 million will be determined based on the same agreed value of RMB5,367,592,046 as applied to the Sale Option.

Immediately after the completion of the Exercises of Sale Option and Purchase Option which is expected to occur by 23 June 2015, Shui On Development's ultimate shareholding in Portspin will be increased by an aggregate of 20.5205% from the original 19.3419% to approximately 39.8624% whereas Taipingqiao 116's ultimate shareholding in Portspin will be decreased by an aggregate of 20.5205% from the original 80.6581% to approximately 60.1376%.

#### **TOTAL CONSIDERATION PAYABLE BY SHUI ON DEVELOPMENT FOR THE EXERCISES OF SALE OPTION AND PURCHASE OPTION**

Pursuant to the JV Agreement, the transfer price is US\$81 million for the exercise of each of the Sale Option and the Purchase Option, payable by Shui On Development to Taipingqiao 116 (i) in respect of the Sale Option, at the latest by 16 June 2015 and (ii) in respect of the Purchase Option, at the latest by 23 June 2015. Upon completion of the Exercises of Sale Option and Purchase Option, Taipingqiao 116 shall transfer the relevant shares in Portspin together with the corresponding shareholder's loan to Shui On Development.

As disclosed in the Circular, the consideration payable for the Sale Option and the Purchase Option reflects a 10% discount based on the share value of US\$90 million and was determined based on the commercial decisions of Taipingqiao 116 and Shui On Development after arm's length negotiations.

## **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 within Plot 116 of Luwan District (subsequently merged with Huangpu District), Shanghai Municipality, the PRC, to be comprised of primarily a residential development, including car parking spaces. At the date of this announcement, Portspin is held as to 19.3419% by Shui On Development and 80.6581% by Taipingqiao 116.

Based on the audited consolidated financial statements of Portspin prepared in accordance with International Financial Reporting Standards:

- For the financial year ended 31 December 2012, the net loss before and after taxation and extraordinary items of Portspin was RMB2 million; and
- For the financial year ended 31 December 2013, the net profit before and after taxation and extraordinary items of Portspin was RMB15 million.

Based on the unaudited consolidated financial statements of Portspin for the six months ended 30 June 2014, the net loss before and after taxation and extraordinary items of Portspin was RMB8.5 million.

According to an independent valuation by Knight Frank Petty Limited, TPQ116 Cleared Site is valued at RMB5,421 million as at 5 September 2014.

## **REASONS FOR THE EXERCISE OF THE PURCHASE OPTION BY SHUI ON DEVELOPMENT**

TPQ116 is situated in the prime location adjacent to the existing Taipingqiao projects operated by the Group in Huangpu District, Shanghai, the PRC. According to the latest development plan, it is expected that TPQ116, comprising primarily a residential development including car parking spaces, will be available for pre-sale in late 2015 and the demand for premium residential apartments remains strong in Shanghai. The Company considers that Shui On Development's increased equity interest in Portspin is a good investment opportunity for the Group to broaden its asset and earning base and to add value to the master plan for the existing Taipingqiao projects. Furthermore, the exercise of the Purchase Option is in line with

the Group's business strategies in undertaking development projects in cities where the Company has a strategic presence. In addition, the Company will be benefited from the exercise of the Purchase Option since the exercise price for the Purchase Option is at a 10% discount on the share value of US\$90 million.

The Directors consider that the terms of the Purchase Option are entered into after arm's length negotiation between the parties, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATION OF THE LISTING RULES**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Exercises of Sale Option and Purchase Option, when aggregated, exceed 5%, the exercise of the Purchase Option by Shui On Development constitutes a discloseable transaction for the Company which is subject to the reporting and announcement requirements but is exempted from shareholders' approval requirement under the Listing Rules.

## **GENERAL INFORMATION**

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 long-term ownership of high-quality residential, office, retail, entertainment and cultural properties in the PRC.

Taipingqiao 116 is an investment holding company. 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.

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

Hong Kong, 24 December 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.*