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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)

**PROPOSED ISSUE OF US\$225,000,000 7.50% SENIOR CONVERTIBLE
PERPETUAL CAPITAL SECURITIES
TO BE GUARANTEED BY THE COMPANY**

The Board is pleased to announce that the Company as guarantor and Shui On Development as issuer have entered into a Subscription Agreement with the Joint Lead Managers, under which the Sole Global Coordinator has agreed to subscribe and pay for, or to procure subscribers to subscribe for, the Securities to be issued by Shui On Development and to be guaranteed by the Company in an aggregate principal amount of US\$225,000,000, on the terms and subject to the conditions set out therein.

The Securities are convertible into Shares in the circumstances set out in the Conditions at an initial Conversion Price of HK\$3.2280 per Share (subject to adjustments). Assuming full conversion of the Securities at the initial Conversion Price of HK\$3.2280 per Share and no further issue of Shares, the Securities will be convertible into approximately 540,390,334 new Shares, representing approximately 6.73% of the issued share capital of the Company as at the date of this announcement and approximately 6.32% of the issued share capital of the Company as at the date of this announcement as enlarged by the issue of the Conversion Shares upon full conversion of the Securities.

The Conversion Shares to be issued upon conversion of the Securities will rank *pari passu* in all respects with the Shares then in issue on the relevant Conversion Date.

The Securities have not been offered or sold and may not be offered or sold in Hong Kong to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

The Securities and the Conversion Shares have not been and will not be registered under the U.S. Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to U.S. persons. The Securities are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act.

The estimated net proceeds from the subscription of the Securities, after deducting the underwriting commissions and estimated expenses payable in connection with the issue of the Securities, amount to approximately US\$218,400,000. The Company intends to use the majority of net proceeds from the issue of the Securities to repay existing indebtedness with near term maturities and the rest to fund the capital expenditures related to the Group's real estate or equipment.

The Conversion Shares are to be issued under the General Mandate. The issue of the Securities is not subject to the approval of the Shareholders.

An application will be made for the listing of the Securities on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Admission of the Securities to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Company, Shui On Development or the Securities. An application will be made by the Company to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Hong Kong Stock Exchange.

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph entitled “The Subscription Agreement” below for further information.

WARNING: As the Subscription Agreement may or may not complete, and the Securities and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Board is pleased to announce that the Company as guarantor and Shui On Development as issuer have entered into a Subscription Agreement with the Joint Lead Managers, under which the Sole Global Coordinator has agreed to subscribe and pay for, or to procure subscribers to subscribe for, the Securities to be issued by Shui On Development and to be guaranteed by the Company in an aggregate principal amount of US\$225,000,000, on the terms and subject to the conditions set out therein.

THE SUBSCRIPTION AGREEMENT

Date

21 May 2015

Parties

- (i) Shui On Development as the issuer;
- (ii) the Company as the guarantor;
- (iii) J.P. Morgan as Sole Global Coordinator; and
- (iv) Standard Chartered Bank as joint bookrunner.

Subscription

Subject to the fulfilment of the conditions set out below in the section entitled “Conditions Precedent to the Subscription”, the Sole Global Coordinator has agreed to subscribe and pay for, or to procure subscribers to subscribe for, the Securities to be issued by the Issuer on the Closing Date in an aggregate principal amount of US\$225,000,000.

To the best of the Directors' knowledge, information and belief, the Joint Lead Managers are third parties independent of the Company and are not connected with the Company and its connected persons (as defined in the Listing Rules).

Subscribers

The Sole Global Coordinator has informed the Company that they intend to offer and sell the Securities to no less than six independent placees (who will be independent individual, corporate and/or institutional investors). To the best of the Directors' knowledge, information and belief, each of the placees (and their respective ultimate beneficial owners) will be third parties independent of the Company and are not connected with the Company and its connected persons (as defined in the Listing Rules).

Lock-up

The Issuer and the Company have undertaken with the Joint Lead Managers that none of the Issuer, the Company or any person acting on its behalf will (i) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Securities or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Securities, the Shares or securities of the same class as the Securities, the Shares or other instruments representing interests in the Securities, the Shares or other securities of the same class as them, (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (iii) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (i), (ii) or (iii) is to be settled by delivery of Shares or other securities, in cash or otherwise or (iv) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Joint Lead Managers between the date hereof and the date which is 90 days after the Closing Date (both dates inclusive) except for the Securities and the Conversion Shares and (i) any Shares issued pursuant to the publicly announced share option scheme and share award scheme; and (ii) the Shares that are subject to the Stock Lending Agreement.

In addition, the Company shall procure that Shui On Company Limited shall execute on the date of the Subscription Agreement, a shareholder lock-up agreement, pursuant to which Shui On Company Limited has undertaken that for a period from the date of the Subscription Agreement up to 90 days after the Closing Date (both dates inclusive), neither it nor its nominee nor any person acting on its behalf will,

without the prior written consent of the Joint Lead Managers, (i) issue, offer, sell, contract to sell, pledge, encumber or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or issue, offer, sell, contract to sell, pledge or otherwise dispose of any securities exchangeable for or convertible into or exercisable for the Shares, warrants or other rights to purchase the Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, including equity swaps, forward sales and options representing the right to receive any Shares; (ii) enter into any other arrangement that transfers to others, in whole or in part, any of the economic consequences of ownership of the Shares; (iii) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (i), (ii) or (iii) is to be settled by delivery of Shares or other securities, in cash or otherwise or (iv) announce or otherwise make public an intention to do any of the foregoing, save for any Shares subject to the Stock Lending Agreement.

Conditions Precedent to the Subscription

The obligations of the Sole Global Coordinator to subscribe and pay or to procure subscribers to subscribe and pay for the Securities are conditional on:

- (a) the Sole Global Coordinator being satisfied with the results of their due diligence investigations with respect to the Issuer, the Company and their respective subsidiaries and the Offering Circular having been prepared in form and content satisfactory to the Sole Global Coordinator;
- (b) Shui On Company Limited shall have executed a shareholder lock-up agreement on the date of the Subscription Agreement in the form set out in the Subscription Agreement;
- (c) the execution and delivery of the other Contracts by the respective parties;
- (d) the SGX-ST having agreed to list the Securities, subject only to the issue of the Securities, or the Sole Global Coordinator being satisfied that such listing will be granted shortly after the Closing Date;
- (e) the Hong Kong Stock Exchange having agreed to list the Shares upon conversion of the Securities;
- (f) Shui On Properties Limited having entered into the Stock Lending Agreement to lend up to 350,000,000 Shares to J.P. Morgan;

- (g) on the publication date of the Offering Circular and the Closing Date, there having been delivered to the Joint Lead Managers letters, in form and substance satisfactory to the Sole Global Coordinator, dated the date of the publication date of the Offering Circular and the Closing Date respectively, and addressed to the Joint Lead Managers from Deloitte Touche Tohmatsu, the auditors of the Company;
- (h) on the Closing Date (i) the representations and warranties of the Issuer and the Company in the Subscription Agreement being true, accurate and correct at, and as if made on, the Closing Date, and (ii) the Issuer and the Company having performed all of their respective obligations under the Subscription Agreement to be performed on or before the Closing Date and there having been delivered to the Joint Lead Managers a certificate substantially in the form set out in the Subscription Agreement, dated the Closing Date, signed by a duly authorised officer of the Issuer and the Company to such effect;
- (i) after the date of the Subscription Agreement or, if earlier, the dates as of which information is given in the Offering Circular up to and at the Closing Date, there shall not have occurred any change (nor any development involving a prospective change), in the condition (financial or other), prospects, results of operations or general affairs of the Group, which, in the opinion of the Sole Global Coordinator, is material and adverse in the context of the issue and offering of the Securities;
- (j) on the publication date of the Offering Circular and the Closing Date, there having been delivered to the Joint Lead Managers a certificate signed by the Chief Financial Officer of the Company dated the publication date of the Offering Circular and the Closing Date, respectively, substantially in the form set out in the Subscription Agreement;
- (k) on or before the Closing Date, there having been delivered to the Joint Lead Managers legal opinions, in form and substance satisfactory to the Sole Global Coordinator, dated the Closing Date;
- (l) on or before the Closing Date, there having been delivered to the Joint Lead Managers confirmation (by electronic communication), in form and substance satisfactory to the Sole Global Coordinator, dated on or prior to the Closing Date from the Company as to the accounting treatment of the Securities under the International Financial Reporting Standards, attaching evidence in the form of a confirmation (by electronic communication) addressed to the Company from Deloitte Touche Tohmatsu, accountants to the Company and the Issuer regarding the same;

- (m) evidence of appointment of process agent as required under the Subscription Agreement;
- (n) there having been delivered to the Joint Lead Managers copies of any consents and approvals required in relation to the issue of the Securities and such other documents, opinions and certificates as the Sole Global Coordinator may require.

The Sole Global Coordinator may, at its discretion and upon such terms as it thinks fit, waive compliance with any of the conditions precedents specified above (other than conditions (c) and (e) above).

The above conditions precedent must be satisfied and/or waived on or prior to the Closing Date, as the case may be. As at the date of this announcement, other than condition precedents (b) above, all conditions precedent to the completion of the Subscription Agreement are yet to be satisfied and/or waived.

Termination of the Subscription

The Sole Global Coordinator may, by notice to the Issuer at any time prior to the payment of the net subscription moneys for the Securities to the Issuer, terminate the Subscription Agreement in any of the following circumstances:

- (a) if there shall have come to the notice of the Sole Global Coordinator any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform any of the Issuer's or the Company's covenants, undertakings or agreements in the Subscription Agreement;
- (b) if any of the conditions precedents specified above has not been satisfied or waived by the Sole Global Coordinator on or prior to the Closing Date;
- (c) if in the opinion of the Sole Global Coordinator (after consultation with the Issuer or the Company to the extent reasonably practicable), there shall have been, since the date of the Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Issuer or the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls such as would in their view, be likely to prejudice materially the success of the offering contemplated hereunder and distribution of the Securities or dealings in the Securities in the secondary market;

- (d) if, in the opinion of the Sole Global Coordinator (after consultation with the Issuer or the Company to the extent reasonably practicable), there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the NASDAQ Stock Market, the London Stock Exchange, the Hong Kong Stock Exchange, the SGX-ST and/or any other stock exchange on which the securities of the Issuer are traded; (ii) a suspension for a period of five consecutive trading days (in Hong Kong) or a material limitation in trading in the Company's securities on the Hong Kong Stock Exchange and/or any other stock exchange on which the Company's or the Issuer's securities are traded; or (iii) a general moratorium on commercial banking activities in the United States, the PRC, Hong Kong, Singapore and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, the PRC, Hong Kong, Singapore or the United Kingdom;
- (e) if, in the opinion of the Sole Global Coordinator (after consultation with the Issuer or the Company to the extent reasonably practicable), there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in their view be likely to prejudice materially the success of the offering contemplated hereunder and distribution of the Securities or dealings in the Securities in the secondary market.

PRINCIPAL TERMS OF THE SECURITIES

The principal terms of the Securities are summarised as follows:

<i>Issuer</i>	Shui On Development
<i>Guarantor</i>	The Company
<i>Principal Amount</i>	Securities in principal amount of US\$225,000,000
<i>Issue Price</i>	100% of the principal amount
<i>Guarantee</i>	The Company has irrevocably guaranteed on a senior basis the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Securities.
<i>Status of the Securities</i>	The Securities constitute direct, unsubordinated and (subject to the provision relating to the limitation on liens) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Securities shall, save for such exceptions as may be provided by applicable law and subject to provision relating to the limitation on liens, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.
<i>Status of the Guarantee</i>	The obligations of the Company under the Guarantee shall, save for such exceptions as may be provided by applicable law and subject to provision relating to the limitation on liens, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
<i>Distributions</i>	Subject to the provisions of the Conditions relating to deferral of Distributions, the Securities confer a right to receive distributions (each a “ Distribution ”) at the applicable rate of distribution (the “ Distribution Rate ”) from the Closing Date. Subject to the provisions of the Conditions relating to deferral of Distributions, Distributions shall be payable on the Securities semi-annually in arrear on each Distribution Payment Date in U.S. dollars. If any Distribution is required to be calculated for a period of less than one year, it will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of incomplete month, the number of days elapsed.

Distribution Rate

The Distribution Rate applicable to the Securities shall be:

- (a) in respect of the period from, and including, the Closing Date to, but excluding, the First Call Date (as defined below), 7.50 per cent. per annum; and
- (b) in respect of the periods (i) from, and including, the First Call Date to, but excluding, the immediately following Reset Date (as defined in the Conditions) and (ii) from, and including each Reset Date falling thereafter to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the Conditions).

*Step up of
Distribution
after Breach of
Covenant or
Change of Control*

If (a) the Issuer or the Company (as the case may be) fails to comply with any of the restricted covenants described below and such Breach of Covenant continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25 per cent. or more in aggregate principal amount of the Securities (as the case may be); or (b) the Issuer does not redeem the Securities in accordance with the Conditions following the occurrence of a Change of Control or fails to make or consummate an Offer to Purchase (as defined in the Conditions), the then-prevailing Distribution Rate, and (subject to the Conditions) each subsequent Distribution Rate otherwise determined in accordance with the provisions of the Conditions, shall be increased by 3.00 per cent. per annum with effect from (and including) the date on which such Change of Control occurs or the date falling 30 consecutive days after written notice by the Trustee or the Holders of 25 per cent. or more in aggregate principal amount of the Securities (as the case may be), provided that the maximum aggregate increase in the Distribution Rate shall be 3.00 per cent. per annum. Any such increase in the Distribution Rate is separate from and in addition to any increase in the Distribution Rate effected on each Reset Date (as defined in the Conditions).

*Distribution
Deferral*

The Issuer may, at its sole discretion, elect to defer a Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice of not more than ten nor less than five Business Days (as defined in the Conditions) prior to the relevant Distribution Payment Date, unless a Compulsory Distribution Payment Event (as defined in the Conditions) has occurred. Any such deferred Distribution shall constitute “**Arrears of Distribution**”. The Issuer may, at its sole discretion, elect to further defer any Arrears of Distribution and is not subject to any limits as to the number of times Distributions and Arrears of Distribution can be deferred. Each amount of Arrears of Distribution shall bear interest at the prevailing Distribution Rate (the amount of such interest, the “**Additional Distribution Amount**”).

*Restrictions in the
case of Deferral*

If on any Distribution Payment Date, payment of all Distribution payments scheduled to be made on such date is not made in full by reason of Distribution being deferred, each of the Issuer and the Company shall not, and the Company shall procure that (in relation to any Parity Security (as defined in the Conditions)) any other person which is the issuer thereof shall not (a) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend or other payment is made on any Junior Securities (as defined in the Conditions), preference shares or Parity Securities; or (b) redeem, reduce, cancel, buy-back or acquire for any consideration any Junior Securities (as defined in the Conditions), preference shares or Parity Securities (as defined in the Conditions), unless and until (a) the Issuer or the Company, as the case may be, satisfies in full all outstanding Arrears of Distribution and any Additional Distribution Amounts; or (b) it is permitted to do so by an Extraordinary Resolution (as defined in the Conditions) of the Holders.

Conversion

Subject to and upon compliance with the Conditions, the Conversion Right in respect of a Security may be exercised, at the option of the Holder thereof, at any time on or after 15 July 2015 or, if such Security shall have been called for redemption by the Issuer, then up to and including the close of business (at the place where the certificate evidencing such Security is deposited for conversion) on a date no later than seven days (at the place aforesaid) prior to the date fixed for redemption thereof.

The number of Conversion Shares to be issued on exercise of a Conversion Right shall be determined by dividing the principal amount of the Securities to be converted (translated into Hong Kong dollars at the fixed rate of HK\$7.7528 = US\$1.00) by the Conversion Price in effect at the Conversion Date.

Conversion Price

The price at which Conversion Shares will be issued upon conversion will initially be HK\$3.2280 per Conversion Share (subject to adjustment). The initial Conversion Price of HK\$3.2280 represents: (i) a premium of approximately 20.00% over the closing price of HK\$2.690 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day; (ii) a premium of approximately 22.00% over the average closing price of HK\$2.646 per share as quoted on the Hong Kong Stock Exchange for five trading days up to and including the Last Trading Day; (iii) a premium of approximately 24.35% over the average closing price of HK\$2.596 per Share as quoted on the Hong Kong Stock Exchange for the ten trading days up to and including the Last Trading Day.

The initial Conversion Price has been determined by the parties after arm's length negotiations with reference to the recent share price and future prospects of the Group.

The Conversion Price is subject to adjustment for, *inter alia*, consolidation, subdivision and re-classification of Shares, capitalisation of profits and reserves, capital distributions, issuance of Shares, options, rights, warrants or securities at less than the then current market price, and certain other dilutive events.

<i>Ranking of Conversion Shares</i>	The Conversion Shares to be issued upon conversion of the Securities will be fully paid and will in all respects rank <i>pari passu</i> with the fully paid Shares in issue on the date the name of the holder of record of the number of Shares issuable upon conversion are registered as such in the Company's register of members.
<i>No Fixed Redemption Date</i>	The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right to redeem or purchase them in accordance with the Conditions.
<i>Redemption for Taxation Reasons</i>	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on the Issuer giving not less than 30 nor more than 60 days' notice (a " Tax Redemption Notice ") to the Holders and the Trustee in writing (which notice shall be irrevocable) at their principal amount together with all outstanding Arrears of Distribution and Additional Distribution Amount (if any) and any Distribution accrued to the date fixed for redemption), if the Issuer or the Company satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or if the Guarantee were called, the Company) has or will become obliged to pay Additional Tax Amounts (as defined in the Conditions) as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands, Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 21 May 2015, and (ii) such obligation cannot be avoided by the Issuer (or, as the case may be, the Company) taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or, as the case may be, the Company) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Securities (or, as the case may be, the Guarantee) then due.

*Redemption at the
Option of the
Issuer*

The Issuer may at its option, on giving not less than 30 nor more than 60 days' notice to the Holders and the Trustee in writing (which notice will be irrevocable), redeem all, but not some only, of the Securities:

- (i) on 4 June 2020 (the “**First Call Date**”); or
 - (ii) on any Distribution Payment Date after the First Call Date,
- (each, a “**Call Date**”).

On expiry of any notice as required in the Conditions, the Issuer shall be bound to redeem the Securities on the relevant Call Date at their principal amount together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) in the case of any other Call Date.

*Redemption in the
Case of Minimal
Outstanding
Amount*

The Issuer may at its option, at any time, on giving not less than 30 nor more than 60 days' notice to the Holders and the Trustee in writing (which notice will be irrevocable), redeem, in whole but not in part, the Securities at (i) their applicable Early Redemption Amount (as defined in the Conditions), if such redemption occurs prior to the First Call Date; or (ii) their principal amount together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if such redemption occurs on or after the First Call Date, provided that prior to the date of such notice at least 90 per cent. in principal amount of the Securities originally issued has already been converted, redeemed or purchased and cancelled.

*Redemption on
an Equity
Disqualification
Event*

The Issuer may at its option, at any time, on giving not less than 30 nor more than 60 days' notice (an “**Equity Disqualification Event Notice**”) to the Holders and the Trustee in writing (which notice shall be irrevocable) redeem, in whole but not in part, the Securities at (i) their applicable Early Redemption Amount (as defined in the Conditions) if such redemption occurs prior to the First Call Date or (ii) their principal amount together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and Additional Distribution Amount) if such redemption occurs on or after the First Call Date, if an Equity Disqualification Event (as defined below) has occurred and is continuing immediately prior to the giving of the Equity Disqualification Event Notice and the Issuer complies with the requirements under the Conditions.

An “**Equity Disqualification Event**” is deemed to have occurred if as a result of any changes or amendments to, or any changes or amendments to the interpretation of, the International Financial Reporting Standards issued by the International Accounting Standards Board as amended from time to time, the Securities would cease to qualify as equity in the consolidated financial statements of the Company.

*Redemption for
Change of Control*

The Issuer may at its option, at any time, on giving not more than 60 nor less than 30 days' notice to the Holders and the Trustee in writing (which notice shall be irrevocable), redeem, in whole but not in part, the Securities at (i) their applicable Early Redemption Amount (as defined in the Conditions) if such redemption occurs prior to the First Call Date or (ii) their principal amount, together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if such redemption occurs on or after the First Call Date, if immediately before giving such notice, a Change of Control has occurred and is continuing.

*Redemption for
Breach of
Covenant*

The Issuer may at its option, at any time, on giving not more than 60 nor less than 30 days' notice to the Holders and the Trustee in writing (which notice shall be irrevocable), redeem, in whole but not in part, the Securities at (i) their applicable Early Redemption Amount (as defined in the Conditions) if such redemption occurs prior to the First Call Date or (ii) their principal amount, together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if such redemption occurs on or after the First Call Date, if immediately before giving such notice, a Breach of Covenant has occurred and is continuing.

*Redemption for
Relevant Event*

Following the occurrence of a Relevant Event, the Holder of each Security will have the right at such Holder's option, to require the Company to procure the redemption of all or some only of such Holder's Securities on the Relevant Event Put Date (as defined below) at (i) their applicable Early Redemption Amount (as defined in the Conditions) if such redemption occurs prior to the First Call Date or (ii) their principal amount, together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if such redemption occurs on or after the First Call Date.

To exercise such right, the Holder of the relevant Security must deposit during normal business hours at the specified office of any paying agent a duly completed and signed notice of redemption together with the certificate evidencing the Securities to be redeemed by not later than 60 days following a Relevant Event, or, if later, 60 days following the date upon which notice thereof is given to Holders by the Issuer. The "**Relevant Event Put Date**" shall be the fourteenth day after the expiry of such period of 60 days as referred to above.

*Restrictive
Covenants*

Subject to certain exceptions and qualifications, the Issuer, the Company and their respective Restricted Subsidiaries (as defined in the Conditions) are restricted from, among other things:

- creating liens;

- using the proceeds from the issue of the Securities other than for the specified purposes;
- incurring additional indebtedness or issuing preferred stock;
- selling assets;
- entering into transactions with shareholders and affiliates;
- entering into sale and leaseback transactions; and
- declaring or paying any dividends or distribution or make any other payments on, or redeeming reducing, cancelling, buying-back or acquiring any Junior Securities (as defined in the Conditions), preference shares or Parity Securities (as defined in the Conditions) upon the occurrence of a Credit Event (as defined in the Conditions).

Transferability

The Securities will be freely transferable, subject to certain Closed Periods (as defined in the Conditions).

*Form and
Denomination*

The Securities will be issued in registered form in the denomination of US\$250,000 each and higher integral multiples thereof.

Upon issue, the Securities will be represented by a global certificate registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*.

GENERAL MANDATE TO ISSUE THE CONVERSION SHARES

The issue of the Securities and the Conversion Shares is not subject to Shareholders' approval. The Conversion Shares will be issued pursuant to the General Mandate. The Conversion Shares will utilise, based on the initial Conversion Price, approximately 540,390,334 Shares under the General Mandate.

APPLICATION FOR LISTING

An application will be made for the listing of the Securities on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Admission of the Securities to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Company, Shui On Development or the Securities. An application will be made by the Company to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Hong Kong Stock Exchange.

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph entitled “The Subscription Agreement” above for further information.

WARNING: As the Subscription Agreement may or may not complete, and the Securities and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

STOCK LENDING AGREEMENT

In connection with the issuance of the Securities, Shui On Properties Limited, as lender, will enter into the Stock Lending Agreement with J.P. Morgan to effect the lending of up to 350,000,000 Shares in aggregate. The maximum number of 350,000,000 Shares which are subject to the Stock Lending Agreement represent 4.36% of the issued share capital of the Company as at the date of this announcement.

REASONS FOR THE ISSUE OF THE SECURITIES AND USE OF PROCEEDS

The Group is one of the leading property developers in the PRC. The Group 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. Specifically, the Group focuses on master planning and development of large-scale, mixed use city-core integrated property projects, typically in cooperation with the relevant local government authorities.

The Directors consider the issue of the Securities as an opportunity to obtain immediate funding. Accordingly, the Directors consider the terms of the Subscription Agreement fair and reasonable and are in the interest of the Shareholders and the Company as a whole.

The gross proceeds from the issue of the Securities will be approximately US\$225,000,000, and the net proceeds from the issue of Securities will amount to approximately US\$218,400,000.

If the Securities are issued, the Group intends to use the majority of net proceeds from the Securities to repay existing indebtedness with near term maturities and the rest to fund the capital expenditures related to the Group's real estate or equipment.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company did not conduct any fund raising exercise by way of issue of equity securities in the past 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The Conversion Shares to be issued upon conversion of the Bonds will rank *pari passu* in all respects with the Shares then in issue on the relevant Conversion Date.

The following table illustrates (1) the existing shareholding structure as at the date of this announcement; and (2) the shareholding structure assuming the Securities are fully issued and converted into new Shares at the initial Conversion Price of HK\$3.2280 per Share each, on the assumptions that (a) there will be no other change to the share capital of the Company from the date of this announcement until the completion of the conversion of the Securities in full, save for the issue of the new Shares as a result of the conversion of the Securities in full; and (b) the Holders

of Securities do not and will not hold any Shares other than the new Shares as a result of the conversion of the Securities in full:

Shareholder	Existing (as at the date of this announcement)		Assuming the Securities are fully converted into Shares at the initial Conversion Price of HK\$3.2280 each	
	No. of Shares	% of issued share capital of the Company	No. of Shares	% of enlarged share capital of the Company
Mr. Vincent H.S. LO and his associates*	4,585,395,005	57.12%	4,585,395,005	53.52%
Public	3,441,185,184	42.88%	3,441,185,184	40.16%
Bondholders	<u>0</u>	<u>0%</u>	<u>540,390,334</u>	<u>6.32%</u>
	<u>8,026,580,189</u>	<u>100%</u>	<u>8,566,970,523</u>	<u>100%</u>

Note:

- * These represent 1,849,521 Shares beneficially held by Ms. Loletta CHU (“Mrs. Lo”), the spouse of Mr. Vincent H. S. LO (“Mr. Lo”), and an aggregate of 4,583,545,484 Shares beneficially owned by Shui On Company Limited (“SOCL”) through its controlled corporations, of which 4,553,697,547 Shares are held by Shui On Investment Company Limited and its subsidiaries and 29,847,937 Shares are held by New Rainbow Investments Limited respectively. SOCL is owned by Bosrich Unit Trust, the trustee of which is Bosrich Holdings (PTC) Inc. (“Bosrich”). The units of the Bosrich Unit Trust are the property of a discretionary trust, of which Mr. Lo is a discretionary beneficiary and HSBC International Trustee Limited (“HSBC Trustee”) is the trustee. Accordingly, Mr. Lo, Mrs. Lo, Bosrich and HSBC Trustee are deemed to be interested in 4,585,395,005 Shares under the SFO.

DEFINITIONS

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

- “Agency Agreement” the paying, conversion and transfer agency agreement to be entered into between the Issuer, the Company, the Trustee and the agents named therein
- “Board” the board of Directors
- “Breach of Covenants” failure by the Issuer or the Company (as the case may be) to comply with any of the restrictive covenants in the Conditions
- “Change of Control” the occurrence of one or more of the following events:
- (1) the merger, amalgamation or consolidation of the Company or the Issuer with or into another person or the merger or amalgamation of another person with or into the Company or the Issuer, or the sale of all or substantially all the assets of the Company or the Issuer to another person;
 - (2) the Controlling Shareholders (as defined in the Conditions) are the beneficial owners of less than 35.0 per cent. of the total voting power of the voting stock of the Company or the Issuer;
 - (3) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the U.S. Exchange Act of 1934, as amended (the “**Exchange Act**”)) is or becomes the “beneficial owner” (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of total voting power of the voting stock of the Issuer or Company is greater than such total voting power held beneficially by the Controlling Shareholders (as defined in the Conditions);

- (4) individuals who on the Closing Date constituted the board of directors of the Company or the Issuer, as the case may be, together with any new directors whose election by the board of directors was approved by a vote of at least two-thirds of the directors then still in office who were either directors or whose election was previously so approved, cease for any reason to constitute a majority of the board of directors of the Company or the Issuer, as the case may be, then in office; or
- (5) the adoption of a plan relating to the liquidation or dissolution of the Company or the Issuer

“Closing Date”	4 June 2015, or such later date as the Issuer, the Company and the Joint Lead Managers may agree
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Hong Kong Stock Exchange
“Conditions”	the terms and conditions in relation to the Securities
“Contracts”	the Subscription Agreement, the Agency Agreement and the Trust Deed
“Conversion Date”	the conversion date in respect of a Security
“Conversion Price”	the price at which Conversion Shares will be issued upon conversion of the Securities which will initially be HK\$3.2280 per Share and will be subject to adjustment in the manner provided in Conditions
“Conversion Right”	the right of each Holder of a Security to convert such Security into Shares credited as fully paid in accordance with the Conditions
“Conversion Shares”	the Shares to be issued by the Company upon conversion of the Securities
“Delisting”	occurs if the Shares cease to be listed or admitted to trading on the Hong Kong Stock Exchange (or any alternative stock exchange)
“Director(s)”	director(s) of the Company

“Distribution Payment Date”	4 June and 4 December in each year, starting on (and including) 4 December 2015
“General Mandate”	the general mandate granted by the Shareholders in the annual general meeting of the Company held on 28 May 2014, under which the Company may allot and issue up to 800,172,618 Shares and any number of additional Shares which may be repurchased by the Company pursuant to the repurchase mandate granted by the Shareholders at the same time
“Group”	the Company and its subsidiaries from time to time
“Guarantee”	the Company’s obligation to guarantee on a senior basis the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Securities
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Holder(s)”	Holder(s) of the Securities
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Joint Lead Managers”	J.P. Morgan and Standard Chartered Bank
“J.P. Morgan”	J.P. Morgan Securities plc
“Last Trading Day”	21 May 2015
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Offering Circular”	the offering circular to be issued in connection with the issuance of the Securities
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan

“Prolonged Suspension”	occurs if there is a suspension or material limitation in trading of the Shares on the Hong Kong Stock Exchange (or any alternative stock exchange) and such suspension or material limitation continues for a period of 30 consecutive days
“Regulation S”	Regulation S under the U.S. Securities Act
“Relevant Event”	the occurrence of any Delisting or Prolonged Suspension arising from or as a result of an application to the relevant stock exchange having been initiated or made by the Company or such Delisting or Prolonged Suspension having been effected or imposed through any other means controlled by the Company or otherwise resulting from any action of the Company or any default or non-compliance by the Company of any of its obligations that are within its control (whether or not imposed by law or the Listing Rules)
“Securities”	convertible perpetual securities with an aggregate principal amount of US\$225,000,000 to be issued by the Issuer and guaranteed by the Company pursuant to the Subscription Agreement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	the ordinary share(s) with par value of US\$0.0025 each in the share capital of the Company
“Shareholders”	the holder(s) of the Shares
“Shui On Development” or the “Issuer”	Shui On Development (Holding) Limited, a company incorporated in the Cayman Islands with limited liability, and a wholly-owned subsidiary of the Company
“SGX-ST”	The Singapore Exchange Securities Trading Limited
“Sole Global Coordinator”	J.P. Morgan
“Stock Lending Agreement”	a stock lending agreement to be entered into between Shui On Properties Limited as lender and J.P. Morgan as borrower for the lending of up to 350,000,000 Shares in aggregate

“Subscription Agreement”	the subscription agreement entered into between the Issuer, the Company and the Joint Lead Managers dated 21 May 2015 in respect of the issue of the Securities
“Trustee”	The Bank of New York Mellon, London Branch
“Trust Deed”	the trust deed to be entered into between the Issuer, the Company and the Trustee
“U.S.” or “United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“US\$” or “U.S. dollars”	United States dollar, the lawful currency of the United States
“U.S. Securities Act”	United States Securities Act of 1933, as amended
“%”	per cent.

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

Hong Kong, 22 May 2015

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*