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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)

CONTINUING CONNECTED TRANSACTION

FRAMEWORK SERVICES AGREEMENT

On 7 December 2016, Richcoast entered into the Framework Services Agreement with Feng Cheng pursuant to which the Dalian Group may enter into Basic Contracts with the Feng Cheng Group for the provision of Services by the Feng Cheng Group to the Dalian Group during the period of three years from 1 January 2016 to 31 December 2018.

Richcoast is a connected subsidiary of the Company for the purposes of the Listing Rules. Therefore, the transactions contemplated under the Framework Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As more than one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Cap exceed 0.1% but are less than 5%, the entering into of the Framework Services Agreement and the Continuing Connected Transactions are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

** For identification purposes only*

THE FRAMEWORK SERVICES AGREEMENT

Date

7 December 2016

Parties

- (1) Richcoast; and
- (2) Feng Cheng.

Subject matter

Richcoast and Feng Cheng entered into the Framework Services Agreement pursuant to which the Dalian Group may enter into Basic Contracts with the Feng Cheng Group for the provision of Services by the Feng Cheng Group to the Dalian Group during the period of three years from 1 January 2016 to 31 December 2018. The Feng Cheng Group shall provide to the Dalian Group the Services on such normal commercial terms as the Feng Cheng Group may agree with the Dalian Group from time to time.

Service Fees

The Dalian Group shall pay to the Feng Cheng Group the Service Fees which shall be determined in accordance with the fee scale for similar Services offered by independent third parties in the market, taking into account the expertise and experience of the senior management team of the Feng Cheng Group. Depending on the terms of the Basic Contracts, the Service Fees may include the following:

- (i) For residential properties:

Commission system: The Feng Cheng Group will receive a commission proportionally (but equivalent to an agreed market rate) on the income derived from the property management fee (based on the actual measured area). The Dalian Group will be responsible for any agreed expenses under the respective Basic Contract.

Contract responsibility system: Fixed amount per month after the delivery of the properties to the Feng Cheng Group and the other fees before the delivery of the properties to the Feng Cheng Group (including the initial expenses, handover inspection fees and follow-up services fees

during the warranty period as set out in the respective Basic Contracts). The contract responsibility system will be applied in the new Basic Contracts.

(ii) For office properties:

Commission system: The Feng Cheng Group will receive a commission proportionally on the advanced property management fee or the agreed amounts. The Dalian Group will be responsible for the agreed expenses under the respective Basic Contract.

Standard of commission: Office projects: to take an agreed market rate of the monthly income from the property management fee receivable; commercial projects located in the office properties: to take an agreed market rate of the monthly income from the property management fee receivable.

It is currently estimated that the maximum Caps for the Service Fees payable by the Dalian Group to the Feng Cheng Group under the Framework Services Agreement are as follows:-

For the period from 1 January 2016 to 31 December 2016:	RMB22.6 million (equivalent to approximately HK\$25.5 million)
For the period from 1 January 2017 to 31 December 2017:	RMB46.7 million (equivalent to approximately HK\$52.6 million)
For the period from 1 January 2018 to 31 December 2018:	RMB49.8 million (equivalent to approximately HK\$56.1 million)

The Caps are determined by reference to the internal projection of the Service Fees during the term of the Framework Services Agreement, taking into account (i) the volume of the Basic Contracts under negotiation and anticipated to be entered into between the Feng Cheng Group and the Dalian Group; and (ii) the prevailing market rates with respect to the provision of Services for similar properties in Dalian.

REASONS FOR AND BENEFITS OF THE FRAMEWORK SERVICES AGREEMENT

The principal business of the Feng Cheng Group is property management providing good quality professional property management services. A Feng Cheng Group company was awarded the Grade 1 Qualification Certificate issued by the Ministry of

Housing and Urban-Rural Development of the PRC. The Feng Cheng Group was selected as the property services provider for the Dalian Project through a public bidding process and benchmarking against the market prices. In the past, the Feng Cheng Group has been providing the Services to the Dalian Group, the aggregate amount of such Services constituted de minimis continuing connected transactions for the Company pursuant to the Listing Rules and are fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules. However, the Company expects that due to business needs of the Dalian Project, there will be an increase in the annual aggregate amount payable by the Dalian Group in connection with its transactions with the Feng Cheng Group. The entering into of the Framework Services Agreement will help the development of the branding and the market image of the Dalian Project.

The Directors (including the independent non-executive Directors, but excluding Mr. Vincent Lo, who has a material interest in the Continuing Connected Transactions given his interest in SOCAM) consider that the terms of the Framework Services Agreement and the Caps are fair and reasonable, and the terms of the Framework Services Agreement and the Continuing Connected Transactions have been entered into after arm's length negotiation between the parties and are on normal commercial terms and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS OF THE LISTING RULES

At the date of this announcement, Richcoast is held as to 61.54% by SOL Group, 28.2% by SOCAM Group and 10.26% by Yida Group. Mr. Vincent Lo, being the Chairman and an executive Director of the Company, and his associates are together entitled to control the exercise of more than 30% of the voting power at the general meetings of the Company. Mr. Vincent Lo, who is also the Chairman and an executive director of SOCAM, and his associates are together entitled to control the exercise of more than 30% voting power at the general meetings of SOCAM. Therefore, SOCAM is an associate of Mr. Vincent Lo and a connected person of the Company at the listed issuer level. Accordingly, Richcoast is a connected subsidiary of the Company under Chapter 14A of the Listing Rules. The provision of Services by the Feng Cheng Group to the Dalian Group constitutes the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As more than one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Cap exceed 0.1% but are less than 5%, the entering into of the Framework Services Agreement and the Continuing Connected Transactions are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Vincent Lo, being the Chairman and an executive director of the Company and SOCAM respectively, has a material interest in the Continuing Connected Transactions because Richcoast together with its subsidiaries are the connected subsidiaries of the Company under Chapter 14A of the Listing Rules. Accordingly, Mr. Vincent Lo has abstained from voting on the relevant resolutions passed by the Board to approve the Framework Services Agreement and the Continuing Connected Transactions. None of the other Directors has any material interest in the Continuing Connected Transactions or was required to abstain from voting on the relevant resolutions passed by the Board to approve the Framework Service Agreement and the Continuing Connected Transactions.

GENERAL INFORMATION

The Company through its subsidiaries and associates is one of the leading property developers in the PRC. The SOL Group principally engages in the development, sale, leasing, management and ownership of high-quality residential, office, retail, entertainment and cultural properties in the PRC.

The Feng Cheng Group's business covers the management of Grade-A commercial buildings, upscale residences, luxury clubhouses, shopping malls, public properties, parking garages, etc. In February 2012, a Feng Cheng Group company was successfully awarded the Grade 1 Qualification Certificate issued by the Ministry of Housing and Urban-Rural Development of the PRC.

DEFINITIONS

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

“associate(s)”, “connected person(s)”, “connected subsidiary(ies)”, and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Basic Contract(s)”	the contract(s) which may be entered into by the Dalian Group with the Feng Cheng Group setting out the terms and conditions, including the service standard and property management fee, etc., for the relevant Services;
“Board”	the board of Directors;

“Cap(s)”	the maximum aggregate Service Fees payable by the Dalian Group to the Feng Cheng Group under the Framework Services Agreement for the relevant period in a financial year;
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands with limited liabilities whose shares are listed on the main board of the Stock Exchange (Stock code: 272);
“Continuing Connected Transactions”	the transactions contemplated under the Framework Services Agreement;
“Dalian Group”	Richcoast and its subsidiaries from time to time, which holds the Dalian Project;
“Dalian Project”	the Dalian Tiandi property development project jointly developed and operated by the Group, the SOCAM Group and the Yida Group, being a large-scale integrated development in Dalian, the PRC, with an estimated developable gross floor area of approximately 3 million sq. m. comprising software offices, residential, commercial and retail properties, hotels and educational facilities;
“Director(s)”	Director(s) of the Company;
“Framework Services Agreement”	the framework services agreement dated 7 December 2016 entered into between Feng Cheng as services provider and Richcoast as services receiver;
“Feng Cheng”	Feng Cheng Property Management Services Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“Feng Cheng Group”	Feng Cheng and its subsidiaries;
“HK\$”	the Hong Kong Dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Vincent Lo”	Mr. Vincent H. S. LO, the Chairman and executive Director of the Company;
“Richcoast”	Richcoast Group Limited (a non wholly-owned subsidiary of the Company for the purposes of the Listing Rules), which is incorporated in the British Virgin Islands with limited liability, is a joint venture company held as to 61.54% by SOL Group, 28.2% by SOCAM Group and 10.26% by Yida Group respectively;
“RMB”	Renminbi, the lawful currency of the PRC;
“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;
“Services”	the property management services in accordance with the terms of the Framework Services Agreement;
“Service Fee(s)”	fee(s) for the Services provided by the Feng Cheng Group to the Dalian Group under the Basic Contracts;
“SOCAM”	SOCAM Development Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange (Stock code: 983);
“SOCAM Group”	SOCAM and its subsidiaries;
“SOL Group”	the Company and its subsidiaries;
“sq. m.”	square metres;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Yida”	Yida China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock code: 3639);
“Yida Group”	Yida and its subsidiaries; and
“%”	percent.

Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is translated into HK\$ at the rate of HK\$1.00 = RMB0.88722. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates or at all.

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

Hong Kong, 7 December 2016

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