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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)

**FURTHER SUPPLEMENTAL AGREEMENT TO
THE MAJOR TRANSACTION
CONDITIONAL DISPOSAL OF 61.54% SHARE INTEREST
AND THE RELATED LOANS IN RICHCOAST GROUP LIMITED**

AND

**CONNECTED TRANSACTION
CONNECTED FINANCIAL ASSISTANCE**

Reference is made to the announcement dated 14 November 2017 of Shui On Land Limited (the “**Company**”), the circular of the Company dated 5 December 2017 (the “**Circular**”) and the further announcement of the Company dated 28 December 2017 (the “**Further Announcement**”) respectively in relation to the conditional major disposal of 61.54% share interest and the related loans in Richcoast. Unless otherwise defined herein, capitalized terms used herein shall have the same meanings as those defined in the Circular and the Further Announcement.

FURTHER SUPPLEMENTAL AGREEMENT

The Board wishes to advise that to facilitate the Completion of the Disposal, on 29 March 2018, Innovate Zone and SODH entered into a further supplemental agreement to the Sale and Purchase Agreement (the “**Further Supplemental Agreement**”) with the Purchaser and Yida, pursuant to which the parties agreed to, among other things, extend the Long Stop Date from 31 March 2018 to 15 May 2018 and Innovate Zone or a designated member of the Group will, subject to certain conditions, provide a loan to the Richcoast Group for an amount of approximately RMB440,000,000 (equivalent to approximately HK\$547,611,000) (the “**Loan**”) to facilitate certain debt restructuring exercise to be carried out by the Richcoast Group before Completion involving the Asset Pledge (i.e. provision of guarantee and pledge of the Secured Assets to secure new funds to Yida Development).

IMPLICATIONS OF THE LISTING RULES

Richcoast is an indirect non-wholly owned subsidiary of the Company. Dalian Rongda, Dalian Rongtai, Dalian Rongyuan and Dalian Zhongxing are subsidiaries of Richcoast, which are in turn non-wholly owned subsidiaries of the Company. The Purchaser, a wholly-owned subsidiary of Yida, is a substantial shareholder of Richcoast, and is therefore a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, the Asset Pledge provided by Dalian Rongda, Dalian Rongtai, Dalian Rongyuan and Dalian Zhongxing to secure the new loans to Yida Development constitutes a connected transaction with a connected person at the subsidiary level for the Company, which is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 14 November 2017, the Circular and the Further Announcement respectively in relation to the conditional major disposal of 61.54% share interest and the related loans in Richcoast. Unless otherwise defined herein, capitalized terms used herein shall have the same meanings as those defined in the Circular and the Further Announcement.

The Board wishes to advise that the Further Supplemental Agreement was entered into on 29 March 2018, to facilitate the Completion of the Disposal.

FURTHER SUPPLEMENTAL AGREEMENT

Date

29 March 2018

Parties

- (1) Innovate Zone;
- (2) Purchaser;
- (3) SODH; and
- (4) Yida.

Principal terms

All parties agreed, among other things, that:

- 1. Long Stop Date shall be extended to 15 May 2018;
- 2. Innovate Zone conditionally agrees to provide or procure a designated member of the Group to provide the Loan to the Richcoast Group if, among other things, the Purchaser will procure the Richcoast Group to carry out certain debt restructuring of the Richcoast Group and the Purchaser will procure the Loans Repayment (i.e. repayment of the Loan and other loans due by the Richcoast Group to certain existing lender) before Completion;
- 3. certain guarantee will be provided by the Richcoast Group and certain assets of the Richcoast Group will be pledged (i.e. the Asset Pledge) to secure loans to Yida Development from an independent third party financial institution, details of which are set out under “Terms of the Asset Pledge”;
- 4. Completion shall take place on 15 May 2018 or on the second business day after the completion of the Loans Repayment (whichever is earlier);
- 5. the payment/settlement due date of part of the Total Transaction Amount by the Purchaser of approximately RMB212,560,000, be extended from 29 December 2017 to 30 June 2018.

Terms of the Loan

Term

For a term expiring on the date of Completion

Amount

Approximately RMB440,000,000 (equivalent to approximately HK\$547,611,000)

Interest

Annual interest rate of 9.5% per annum

Default interest

Annual interest rate of 12% per annum

Security

Pledge of shares of 50% of Dalian Software Park Shui On Kaifa Company Limited (大連軟件園瑞安開發有限公司), a company indirectly held by Richcoast as to 78% and held by Yida's related company as to 22%, and being an intermediate subsidiary of the Richcoast Group holding interests in all major subsidiaries of the Richcoast Group.

The terms of the Loan were determined based on arm's length negotiations between the parties to the Sale and Purchase Agreement.

Terms of the Asset Pledge

Dalian Rongda, Dalian Rongtai, Dalian Rongyuan and Dalian Zhongxing, all being members of the Richcoast Group, will provide joint and several guarantee and pledge the Secured Assets to an independent third party financial institution to secure the new loans to Yida Development for an amount of RMB1,040,000,000 at an annual interest rate of 10.5% for a term of 24 months.

Particulars of the Secured Assets

The Secured Assets comprise of certain land owned by Richcoast Group located in Dalian with a gross floor area of approximately 774,780 sq.m.. The unaudited book value of the Secured Assets as at 31 December 2017 was RMB3,640,901,744 and the valuation amount as determined by an independent PRC property valuer as at 31 December 2017 was RMB3,588,503,103. The unaudited net loss (before taxation) and unaudited net loss (after taxation) attributable to the Secured Assets for the year ended 31 December 2017 was RMB116,967,522 and RMB112,523,596 and that for the year ended 31 December 2016 was RMB100,544,124 and RMB80,745,592.

REASONS FOR THE FURTHER SUPPLEMENTAL AGREEMENT AND THE ASSET PLEDGE

The entering into of the Further Supplemental Agreement and the Asset Pledge are both to facilitate the Completion of the Disposal. Having considered the benefit of the Completion of the Disposal, and the terms of the Further Supplemental Agreement, the Loan and the relevant Asset Pledge, the Directors (including the independent non-executive Directors) consider that the terms of the Further Supplemental Agreement and the terms for the provision of the Loan and the Asset Pledge to be fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, notwithstanding the aforementioned transactions are not in the ordinary course of business of the Group.

None of the Directors has any material interest in the Further Supplemental Agreement, the provision of the Loan and the Asset Pledge. Nevertheless, to adhere to the highest level of good corporate governance, each of Mr. Vincent Lo and Mr. Frankie Wong voluntarily abstained from voting on the Board resolutions for approving the relevant transactions.

IMPLICATIONS OF THE LISTING RULES

Richcoast is an indirect non-wholly owned subsidiary of the Company. Dalian Rongda, Dalian Rongtai, Dalian Rongyuan and Dalian Zhongxing are subsidiaries of Richcoast, which are in turn non-wholly owned subsidiaries of the Company. The Purchaser, a wholly-owned subsidiary of Yida, is a substantial shareholder of Richcoast, and is therefore a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, the Asset Pledge provided by Dalian Rongda, Dalian Rongtai, Dalian Rongyuan and Dalian Zhongxing to secure the new loans to Yida Development constitutes a connected transaction with a connected person at the subsidiary level for the Company, which is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

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

Innovate Zone is a wholly-owned subsidiary of the Company and its principal activity is investment holding.

SODH principally engages in investment holding and debt financing.

The Purchaser is a wholly-owned subsidiary of Yida and its principal activity is investment holding.

The Yida Group principally engages in the development of business parks in the PRC.

DEFINITIONS

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

“Asset Pledge”	provision of guarantee and pledge of the Secured Assets to secure new funds to Yida Development on the terms set out under the section headed “Terms of the Asset Pledge” in this announcement;
“Circular”	the circular of the Company dated 5 December 2017 in relation to the Disposal;
“Dalian Rongda”	大連軟件園榮達開發有限公司, a company established in the PRC with limited liability and a member of the Richcoast Group;
“Dalian Rongtai”	大連軟件園榮泰開發有限公司, a company established in the PRC with limited liability and a member of the Richcoast Group;
“Dalian Rongyuan”	大連軟件園榮源開發有限公司, a company established in the PRC with limited liability and a member of the Richcoast Group;
“Dalian Zhongxing”	大連軟件園中興開發有限公司, a company established in the PRC with limited liability and a member of the Richcoast Group;

“Further Announcement”	the announcement of the Company dated 28 December 2017 in relation to the Supplemental Agreement;
“Further Supplemental Agreement”	the further supplemental agreement in relation to the Sale and Purchase Agreement entered into by the parties thereto on 29 March 2018 ;
“Loan”	the loan that may be provided by Innovate Zone or other members of the Group to the Richcoast Group on the terms set out under the section headed “Terms of the Loan” in this announcement;
“Loans Repayment”	repayment of the Loan and other loans due by the Richcoast Group to certain existing lender;
“Secured Assets”	certain assets owned by the Richcoast Group, details of which are set out under the section headed “Particulars of the Secured Assets” in this announcement;
“Yida Development”	億達發展有限公司, a company established in the PRC with limited liability and a member of the Yida Group.

For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK\$ at the rate of HK\$1 : RMB0.80349. No representation is made that any amounts in RMB have been or could be converted at the above rates.

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

Hong Kong, 29 March 2018

At the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman) and Mr. Douglas H. H. SUNG (Chief Financial Officer); 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, Mr. David J. SHAW and Mr. Anthony J. L. NIGHTINGALE.

** For identification purposes only*