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If you have sold or transferred all your shares in Shui On Land Limited, you should at once hand this circular to the purchaser(s) or the transferee(s), or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

CONNECTED TRANSACTION

ISSUE OF NEW SHARES PURSUANT TO CONNECTED EMPLOYEE SHARE AWARD SCHEME

*Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders*



A letter from the Board is set out on pages 5 to 13 of this circular. A letter from the Independent Board Committee containing its recommendation is set out on pages 14 and 15 of this circular. A letter from Investec, the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 30 of this circular.

** For identification purposes only*

30 April 2015

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DEFINITIONS

In this circular, the following expressions shall respectively have the meanings set out below unless the context requires otherwise:

“Adoption Date”	1 April 2015, being the date on which the Board adopted the Connected Employee Share Award Scheme
“associate(s)” and “connected person(s)”	each shall have the meaning ascribed to it under the Listing Rules
“Award(s)”	award(s) granted by the Remuneration Committee to Selected Participants pursuant to the terms of the Connected Employee Share Award Scheme
“Award Share(s)”	Share(s) granted to a Selected Participant in an Award pursuant to the terms of the Connected Employee Share Award Scheme
“Board”	the board of Directors of the Company
“Business Day(s)”	a day on which the Stock Exchange is open for the business of dealing in securities
“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 Stock Exchange (stock code: 272)
“Connected Employee Share Award Scheme”	the share award scheme adopted by the Company on 1 April 2015 for chief executive officers, directors or employees of any member of the Group (other than China Xintiandi Limited, Pat Davie (China) Limited, 瑞安建築有限公司 (Shui On Construction Co., Ltd.*) and their respective subsidiaries) who are connected persons of the Company
“Connected Grantee(s)”	has the meaning given to it under the section headed “Letter from the Board — Details of the Proposed Connected Issue — Details of Awards granted to Connected Grantees” of this circular
“Director(s)”	the director(s) of the Company
“Eligible Person(s)”	any individual(s) being an existing chief executive officer, director or employee of any member of the Group (other than China Xintiandi Limited, Pat Davie (China) Limited, 瑞安建築有限公司 (Shui On Construction Co., Ltd.*) and their respective subsidiaries) who is a connected person of the Company

** For identification purposes only*

DEFINITIONS

“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
“Grant”	the grant of Awards for a total of 17,149,000 Award Shares (which, depending on the performance of the Company, may be adjusted to a maximum of 42,872,500 Award Shares) to the Connected Grantees pursuant to the Connected Employee Share Award Scheme
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of the Board comprising Sir John R. H. BOND, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY and Mr. David J. SHAW, each being an independent non-executive Director of the Company, formed to advise the Independent Shareholders on whether the terms of the Proposed Connected Issue are fair and reasonable
“Independent Financial Adviser” or “Investec”	Investec Capital Asia Limited, a corporation licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, which is the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Proposed Connected Issue
“Independent Shareholders”	the Shareholders who are not prohibited from voting under the Listing Rules to approve the Proposed Connected Issue
“Latest Practicable Date”	27 April 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Vincent LO”	Mr. Vincent H. S. LO

DEFINITIONS

“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, Taiwan and the Macao Special Administrative Region of the PRC)
“Performance Period”	the period commencing on 1 January 2014 and ending on 31 December 2016
“Proposed Connected Issue”	the proposed issue of, in aggregate, a maximum of 42,872,500 new Shares to satisfy Awards granted to the Connected Grantees pursuant to the Connected Employee Share Award Scheme as resolved by the Board on 1 April 2015
“Purchased Shares”	has the meaning given to it in the section headed “Settlement of Awards” in Appendix I to this Circular
“Remuneration Committee”	the remuneration committee of the Company as designated by the Board from time to time to decide and approve the implementation of the Connected Employee Share Award Scheme
“Selected Participant(s)”	any Eligible Person(s) approved for participation in the Connected Employee Share Award Scheme by the Remuneration Committee
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of nominal value US\$0.0025 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribed Shares”	has the meaning given to it in the section headed “Settlement of Awards” in Appendix I to this Circular
“Trust”	the trust constituted by the Trust Deed to service the Connected Employee Share Award Scheme
“Trust Deed”	the trust deed dated 1 April 2015 entered into between the Company and the Trustee (as may be restated, supplemented and amended from time to time) in relation to the Connected Employee Share Award Scheme
“Trustee”	the trustee appointed by the Company for the purpose of the Trust, and initially, Computershare Hong Kong Trustees Limited, a company incorporated in Hong Kong

DEFINITIONS

“US\$”	United States dollars, the lawful currency of the United States of America
“Vesting Date(s)”	the date(s), as determined from time to time by the Remuneration Committee, on which the Award is to vest in the relevant Selected Participant as set out in the relevant award letter or otherwise determined by the Remuneration Committee at its absolute discretion pursuant to the terms of the Connected Employee Share Award Scheme
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Vincent H. S. LO (*Chairman*)
Mr. Daniel Y. K. WAN
Mr. Philip K. T. WONG

Non-executive Director:

Mr. Frankie Y. L. WONG

Independent non-executive Directors:

Sir John R. H. BOND
Dr. William K. L. FUNG
Professor Gary C. BIDDLE
Dr. Roger L. McCARTHY
Mr. David J. SHAW

Registered Office:

190 Elgin Avenue
George Town
Grand Cayman KY1-9005
Cayman Islands

Place of Business in Hong Kong:

34th Floor, Shui On Centre
6-8 Harbour Road
Wan Chai
Hong Kong

30 April 2015

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

ISSUE OF NEW SHARES PURSUANT TO CONNECTED EMPLOYEE SHARE AWARD SCHEME

INTRODUCTION

Reference is made to the announcement of the Company dated 1 April 2015, pursuant to which the Board announced, among other things, (i) the adoption of the Connected Employee Share Award Scheme which would operate alongside the share option scheme of the Company adopted in 2007 and

** For identification purposes only*

LETTER FROM THE BOARD

provide an additional mean for the Company to incentivize employees and to retain key senior management; and (ii) the grant of Awards for a total of 17,149,000 Award Shares (which, depending on the performance of the Company, may be adjusted to a maximum of 42,872,500 Award Shares) to 15 Eligible Persons (who are connected persons of the Company) (i.e. the Connected Grantees) in accordance with the terms of the Connected Employee Share Award Scheme. The Board has further resolved to satisfy such Awards by the allotment and issue of new Shares to the Trustee on trust for the Connected Grantees, conditional upon the grant of approval by the Independent Shareholders and the approval by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, such new Shares.

The purpose of this circular is to provide you with, amongst other things, (1) details of the Proposed Connected Issue; (2) the recommendation of the Independent Board Committee in relation to the Proposed Connected Issue; and (3) the advice from Investec to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Connected Issue for information purposes only.

SUMMARY OF THE CONNECTED EMPLOYEE SHARE AWARD SCHEME

As disclosed in the announcement dated 1 April 2015 of the Company, the Board has adopted the Connected Employee Share Award Scheme.

A summary of the terms of the Connected Employee Share Award Scheme is set out in Appendix I to this circular.

DETAILS OF THE PROPOSED CONNECTED ISSUE

Details of Awards granted to Connected Grantees

On 1 April 2015, the Board resolved to grant Awards for a total of 17,149,000 Award Shares (which, depending on the Company's performance of the Company, may be adjusted to a maximum of 42,872,500 Award Shares) to 15 Eligible Persons (who are connected persons of the Company)(the "**Connected Grantees**") in accordance with the terms of the Connected Employee Share Award Scheme.

The Board has further resolved to satisfy such Awards by the allotment and issue of new Shares to the Trustee on trust for the Connected Grantees, conditional upon the approval by the Independent Shareholders and the grant of approval by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, such new Shares. Such new Shares shall be allotted and issued under the General Mandate.

LETTER FROM THE BOARD

For illustrative purposes only, assuming that the maximum number of Award Shares will be vested on the Connected Grantees, details of the Connected Grantees and the maximum number of Award Shares to be vested on them are set out as follows:

Name of Connected Grantee	Relationship with the Group	Maximum number of Award Shares to be vested	Approximate percentage of the total issued Shares at the Latest Practicable Date (%)
Mr. Daniel Yim Keung WAN	Director of the Company	8,560,000	0.107
Mr. Philip Kun To WONG	Director of the Company	5,497,500	0.069
Mr. TANG Ka Wah	Director of subsidiaries of the Company	3,352,500	0.042
Mr. Charles Wing Ming CHAN	Director of subsidiaries of the Company	3,352,500	0.042
Ms. Jessica Ying WANG	Director of subsidiaries of the Company	3,352,500	0.042
Mr. Matthew Qing GUO	Director of subsidiaries of the Company	3,352,500	0.042
Mr. Willie Kim Lun UY	Director of subsidiaries of the Company	1,887,500	0.024
Mr. Bryan Kin Wang CHAN	Director of subsidiaries of the Company	1,887,500	0.024
Mr. Timmy Tat Man LEUNG	Director of subsidiaries of the Company	1,887,500	0.024
Mr. Adam Kim Fung LI	Director of subsidiaries of the Company	1,887,500	0.024
Mr. Dixon MAN	Director of subsidiaries of the Company	1,887,500	0.024
Mr. Allan Bin ZHANG	Director of subsidiaries of the Company	1,887,500	0.024
Ms. Sarah Ying Xian ZHANG	Director of subsidiaries of the Company	1,360,000	0.017
Mr. Alfred Jun Ao WU	Director of subsidiaries of the Company	1,360,000	0.017
Mr. Frankie Kwok Fai LAI	Director of subsidiaries of the Company	1,360,000	0.017
		<hr/>	<hr/>
	Total:	<u>42,872,500</u>	<u>0.536%</u>

LETTER FROM THE BOARD

The 42,872,500 Award Shares represent approximately 0.536% of the total issued Shares as at the Latest Practicable Date and approximately 0.533% of the total issued Shares as enlarged by the issue of 42,872,500 Award Shares.

The number of Award Shares granted to each Connected Grantee is determined with reference to the relevant Connected Grantee's position within the Group.

Vesting Conditions

The Award Shares shall vest on the Connected Grantees based on the Group's performance and the relevant Connected Grantee's performance during the Performance Period in the following proportion:

- (a) depending on the role and responsibilities of the relevant Connected Grantee, 50% to 100% of the Award Shares shall vest according to the overall achievement of the Company's corporate business plan for the Performance Period, which shall be based on Group's average annual appraisal results by the end of the Performance Period with reference to the key performance measures and targets as the Board may determine from time to time.
- (b) depending on the role and responsibilities of the relevant Connected Grantee, 0% to 50% of the Award Shares shall vest according to relevant Connected Grantee's average annual appraisal performance level under the Company's appraisal system by the end of the Performance Period.

The percentage of Award Shares to be vested based on the Group's performance and the relevant Connected Grantee's individual performance depends on the relevant Connected Grantee's role in the Group as set out below:

Connected Grantee's role in the Group	Group's Performance	Individual Performance
Managing Directors	100%	—
Executive Directors / Directors — Project	50%	50%
Directors — Corporate	75%	25%
General Managers	50%	50%

Vesting of Award Shares under the two limbs above are separate and independent of each other.

The final number of Award Shares (being up to a maximum of 42,872,500 Award Shares) to be vested on the Connected Grantees (the "**Final Award Shares**") is further subject to adjustment by the Remuneration Committee at its absolute discretion, based on the Company's relative performance after taking into account, among other things, the average annual growth of the Group over the Performance Period and the Company's ranking among peer companies.

LETTER FROM THE BOARD

Vesting Schedule

Upon fulfilment of the vesting conditions during the Performance Period and the determination of the number of Final Award Shares to be vested, the Final Award Shares shall vest on the Connected Grantees as follows:

Percentage of Final Award Shares to be vested	Date of vesting
50%	on or before 30 June 2017 (after the publication of 2016 annual results by the Company)
25%	2 January 2018
25%	2 January 2019

The maximum number of 42,872,500 Award Shares which may be issued and allotted to the Trustee on trust for the Connected Grantees represent (a) approximately 5.36% of the maximum number of Shares that can be issued and allotted under the General Mandate; and (b) approximately 0.536% of the total issued Shares as at the Latest Practicable Date. The said 42,872,500 new Shares shall be allotted and issued at par value to the Trustee by the Company. The Company will bear the cost of such issue and no new funds will be raised.

At the Latest Practicable Date, (i) the Company has not issued any Shares under the General Mandate; (ii) the Company has not engaged in any capital fund raising activities in the preceding 12 months; (iii) the closing price of the Shares of the Company was HK\$2.33 per Share; and (iv) the average closing price of the Shares of the Company for the five preceding Business Days was HK\$2.25 per Share.

Based on the closing price of HK\$2.33 per Share as quoted on the Stock Exchange on the Latest Practicable Date, the market value of the said 42,872,500 new Shares is HK\$99,892,925.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the 42,872,500 new Shares which may be issued and allotted to the Trustee on trust for the Selected Participants.

In the event that the approval by the Independent Shareholders or the approval by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares to be issued is not obtained, the Company will provide funds to the Trustee for purchase of Shares on the market to satisfy Awards granted to the Connected Grantees.

LETTER FROM THE BOARD

EFFECT OF THE PROPOSED CONNECTED ISSUE ON THE SHAREHOLDING OF THE COMPANY

The share capital and shareholding structure of the Company at the Latest Practicable Date and immediately upon the Proposed Connected Issue (assuming that (1) there are no other changes to the shareholding structure of the Company from the Latest Practicable Date up to the date of the Proposed Connected Issue and (2) the maximum number of Award Shares are vested on the Connected Grantees) are as follows:

	Shareholding as at the Latest Practicable Date		Shareholding immediately upon the Proposed Connected Issue	
	<i>Number of issued Shares</i>	<i>Approximate percentage of issued Shares (%)</i>	<i>Number of issued Shares</i>	<i>Approximate percentage of issued Shares (%)</i>
Substantial shareholders				
Ms. Loletta CHU	4,585,395,005 ⁽¹⁾	57.30	4,585,395,005 ⁽¹⁾	57.00
HSBC International Trustee Limited	4,583,545,484 ⁽²⁾	57.28	4,583,545,484 ⁽²⁾	56.98
Bosrich Holdings (PTC) Inc.	4,583,545,484 ⁽²⁾	57.28	4,583,545,484 ⁽²⁾	56.98
Shui On Company Limited	4,583,545,484 ⁽²⁾	57.28	4,583,545,484 ⁽²⁾	56.98
Mr. Vincent LO	4,585,395,005 ⁽³⁾	57.30	4,585,395,005 ⁽³⁾	57.00
Directors				
Mr. Vincent LO	4,585,395,005 ⁽³⁾	57.30	4,585,395,005 ⁽³⁾	57.00
Dr. William K. L. FUNG	5,511,456	0.069	5,511,456	0.069
Professor Gary C. BIDDLE	305,381	0.004	305,381	0.004
Sir John R. H. BOND	250,000	0.003	250,000	0.003
Dr. Roger L. McCARTHY	200,000	0.002	200,000	0.002
Mr. Daniel Yim Keung WAN	—	—	8,560,000 ⁽⁴⁾	0.106
Mr. Philip Kun To WONG	—	—	5,497,500 ⁽⁵⁾	0.068
Connected Grantees who are not Directors	—	—	28,815,000	0.36
Public Shareholders				
Other Shareholders	<u>3,411,913,868</u>	<u>42.64</u>	<u>3,411,913,868</u>	<u>42.41</u>
Total	<u><u>8,001,726,189</u></u>	<u><u>100.00</u></u>	<u><u>8,044,598,689</u></u>	<u><u>100.00</u></u>

LETTER FROM THE BOARD

Notes:

- (1) These Shares comprised 1,849,521 Shares beneficially owned by Ms. Loletta CHU (“**Mrs. LO**”) and 4,583,545,484 Shares in which Mr. Vincent LO, the spouse of Mrs. LO, had a deemed interest under Part XV of the SFO as mentioned in note (2) below. Accordingly, Mrs. LO was also deemed to be interested in 4,583,545,484 shares under Part XV of the SFO.
- (2) These Shares were held by Shui On Company Limited (“**SOCL**”) through its controlled corporations, comprising 1,198,103,792 Shares, 1,446,988,826 Shares, 183,503,493 Shares, 29,847,937 Shares, 573,333,333 Shares, 708,448,322 Shares, 150,000,000 Shares and 293,319,781 Shares held by Shui On Properties Limited (“**SOP**”), Shui On Investment Company Limited (“**SOI**”), Chester International Cayman Limited (“**Chester International**”), New Rainbow Investments Limited (“**NRI**”), Lanvic Limited (“**Lanvic**”), Boswell Limited (“**Boswell**”), Merchant Treasure Limited (“**Merchant Treasure**”) and Doreturn Limited (“**Doreturn**”) respectively whereas SOP, Chester International, Lanvic, Boswell, Merchant Treasure and Doreturn were all wholly-owned subsidiaries of SOI. NRI was a wholly-owned subsidiary of SOCAM Development Limited which in turn was held by SOCL as to 48.38%. SOCL was held under the Bosrich Unit Trust, the trustee of which was Bosrich Holdings (PTC) Inc. (“**Bosrich**”). The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Vincent LO was a discretionary beneficiary and HSBC International Trustee Limited (“**HSBC Trustee**”) was the trustee. Accordingly, Mr. Vincent LO, Mrs. LO, Bosrich and HSBC Trustee were deemed to be interested in such shares under Part XV of the SFO.
- (3) These Shares comprised 1,849,521 Shares beneficially owned by Mrs. LO, the spouse of Mr. Vincent LO, and 4,583,545,484 Shares in which Mr. Vincent LO had a deemed interest under Part XV of the SFO as mentioned in note (2) above. Accordingly, Mr. Vincent LO was deemed to be interested in 4,585,395,005 Shares under Part XV of the SFO.
- (4) These Shares represent the maximum number of Shares that may vest pursuant to an Award granted to Mr. Daniel Yim Keung WAN by the Board on 1 April 2015 under the Connected Employee Share Award Scheme.
- (5) These Shares represent the maximum number of Shares that may vest pursuant to an Award granted to Mr. Philip Kun To WONG by the Board on 1 April 2015 under the Connected Employee Share Award Scheme.

Ranking

All the Award Shares to be issued pursuant to the Grant, when issued and fully paid, will rank pari passu in all respects with all existing Shares presently in issue and at the time of allotment and issue of the said Award Shares.

Public Float

Assuming that there are no other changes to the shareholding structure of the Company from the Latest Practicable Date up to the date of the Proposed Connected Issue, the Company will be able to comply with public float requirement under the Listing Rules immediately after the Proposed Connected Issue.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

Since each of the Connected Grantees are connected persons of the Company by virtue of being a director or member(s) of the Group, the Proposed Connected Issue constitutes a connected transaction of the Company under the Chapter 14A of the Listing Rules which is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Connected Employee Share Award Scheme does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules. Accordingly, no shareholders' approval is required to adopt the Connected Employee Share Award Scheme.

WRITTEN APPROVAL

Pursuant to Rule 14A.37 of the Listing Rules, a written Shareholders' approval in lieu of resolutions passed at a general meeting may be obtained by the Company if (i) no Shareholder has a material interest in the Proposed Connected Issue and no Shareholder is required to abstain from voting if a general meeting of the Company was convened for the approval of the Proposed Connected Issue and the transactions contemplated thereunder; and (ii) the written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued Shares of the Company with the voting rights at a general meeting of the Company to approve the Proposed Connected Issue and the transactions contemplated thereunder.

So far as the Company is aware, as none of the Connected Grantees or their associates holds any Shares, no Shareholder is materially interested in the Proposed Connected Issue and, as such, no Shareholder is required to abstain from voting if a general meeting of the Company were convened to approve the Proposed Connected Issue. On 1 April 2015, written approval by Shui On Properties Limited, Shui On Investment Company Limited, Chester International Cayman Limited, New Rainbow Investments Limited, Lanvic Limited, Boswell Limited, Merchant Treasure Limited and Doreturn Limited, a closely allied group of Shareholders who collectively hold in aggregate 4,583,545,484 Shares (representing approximately 57.28% in the issued Shares) at the date of the said written approval, has been obtained by the Company for the purposes of approving the Proposed Connected Issue in lieu of an approval from the Shareholders at a Shareholders' meeting. Pursuant to Rule 14A.37 of the Listing Rules, the Company has made an application to the Stock Exchange for, and the Stock Exchange has granted, a waiver from the requirement for the Company to convene a Shareholders' meeting, on the basis that the Proposed Connected Issue has been approved by the written approval of a closely allied group of Shareholders.

Each of Mr. Daniel Yim Keung WAN and Mr. Philip Kun To WONG has abstained from voting on the respective board resolutions on proposing the grant of the Award Shares to themselves and the issue and allotment of new Shares in connection therewith.

The Independent Board Committee comprising Sir John R. H. BOND, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY and Mr. David J. SHAW, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders in connection with the Proposed Connected Issue. The Independent Financial Adviser has been appointed to advise and make recommendations to the Independent Board Committee and the Independent Shareholders in the same respect.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (excluding the members of the Independent Board Committee, the opinion of which is included in the section headed “Letter from the Independent Board Committee” of this circular) are of the view that the terms of the Proposed Connected Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, had the Proposed Connected Issue and the transactions contemplated thereby been required to be put forward for consideration and approval at a general meeting of the Company, the Directors (excluding the members of the Independent Board Committee) would recommend the Shareholders to approve them.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 14 to 15 of this circular, and the letter from Investec in respect of the Proposed Connected Issue set out on pages 16 to 30 of this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

30 April 2015

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

**ISSUE OF NEW SHARES PURSUANT TO
CONNECTED EMPLOYEE SHARE AWARD SCHEME**

We refer to the circular (the “**Circular**”) dated 30 April 2015 issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in its opinion, the Proposed Connected Issue is fair and reasonable and in the interest of the Company and the Shareholders as a whole. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in the same respect.

We wish to draw your attention to the letter from the Board as set out on pages 5 to 13 of the Circular and the letter from Investec as set out on pages 16 to 30 of the Circular, which contains advice and recommendation in respect of the Proposed Connected Issue.

Having considered the terms of the Proposed Connected Issue, the advice and recommendation of the Independent Financial Adviser, we consider that the terms of the Proposed Connected Issue are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

** For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, had the Proposed Connected Issue and the transactions contemplated thereby been required to be put forward for consideration and approval at a general meeting of the Company, we would recommend that you to approve them.

Yours faithfully,
Independent Board Committee
Shui On Land Limited

Sir John R. H. BOND
Independent non-executive Director

Dr. William K. L. FUNG
Independent non-executive Director

Professor Gary C. BIDDLE
Independent non-executive Director

Dr. Roger L. McCARTHY
Independent non-executive Director

Mr. David J. SHAW
Independent non-executive Director

LETTER FROM INVESTEC

Set out below is the full text of the letter of advice from Investec to the Independent Board Committee and the Independent Shareholders which has been prepared for the purpose of inclusion in this Circular.



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30 April 2015

*To the Independent Board Committee and
the Independent Shareholders of Shui On Land Ltd.*

Dear Sirs,

CONNECTED TRANSACTION

ISSUE OF NEW SHARES PURSUANT TO CONNECTED EMPLOYEE SHARE AWARD SCHEME

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Connected Issue, details of which are set out in the circular to the Shareholders dated 30 April 2015 (the “**Circular**”), of which this letter forms part. This letter contains our advice to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Connected Issue. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

As set out in the letter from the Board in the Circular (the “**Letter from the Board**”) by reference to the announcement of the Company dated 1 April 2015 (the “**Announcement**”), the Company has adopted the Connected Employee Share Award Scheme on 1 April 2015 which would operate alongside the share option scheme of the Company adopted in 2007 and provide an additional mean for the Company to incentivise employees and to retain key senior management. On the same date (the “**Initial Grant Date**”), the Board also resolved to grant Awards for a total of 17,149,000 Award Shares (the “**Initial Granted Shares**”), which depending on the performance of the Company, may be adjusted to a maximum of 42,872,500 Award Shares, to 15 Eligible Persons (who are connected persons of the Company) in accordance with the terms of the Connected Employee Share Award Scheme. The Board has further resolved to satisfy such Awards by the allotment and issue of new Shares to the Trustee on trust for the Connected Grantees, conditional upon the approval by the Independent Shareholders and the approval by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, such new Shares.

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Since each of the Connected Grantees is a connected person of the Company by virtue of being a director of member(s) of the Group, the Proposed Connected Issue constitutes a connected transaction of the Company under the Chapter 14A of the Listing Rules which is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As set out in the Letter from the Board, the Connected Employee Share Award Scheme does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules. Accordingly, no shareholders' approval is required to adopt the Connected Employee Share Award Scheme.

So far as the Company is aware, as none of the Connected Grantees or their associates holds any Shares, no Shareholder is materially interested in the Proposed Connected Issue and, as such, no Shareholder is required to abstain from voting if a general meeting of the Company were convened to approve the Proposed Connected Issue. On 1 April 2015, written approval by Shui On Properties Limited, Shui On Investment Company Limited, Chester International Cayman Limited, New Rainbow Investments Limited, Lanvic Limited, Boswell Limited, Merchant Treasure Limited and Doreturn Limited, a closely allied group of Shareholders who collectively hold in aggregate 4,583,545,484 Shares (representing approximately 57.28% in the issued Shares) at the date of the said written approval, has been obtained by the Company for the purposes of approving the Proposed Connected Issue in lieu of an approval from the Shareholders at a Shareholders' meeting. Pursuant to Rule 14A.37 of the Listing Rules, the Company has made an application to the Stock Exchange for, and the Stock Exchange has granted, a waiver from the requirement for the Company to convene a Shareholders' meeting, on the basis that the Proposed Connected Issue has been approved by the written approval of a closely allied group of Shareholders.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely, Sir John R. H. BOND, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY and Mr. David J. SHAW, has been formed to advise the Independent Shareholders in relation to the Proposed Connected Issue. As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether or not the Proposed Connected Issue is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

As at the Latest Practicable Date, we were independent from and not connected with the Group in accordance with Rule 13.84 of the Listing Rules, and accordingly, qualified to give independent advice to the Shareholders regarding the Proposed Connected Issue. Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

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BASIS OF OUR OPINION

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and/or its senior management staff (the “**Management**”). We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Company, the Directors and/or the Management and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular. We have assumed that all the opinions and representations made or provided by the Company, the Directors and/or the Management contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company, the Directors and/or the Management that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truthfulness, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company, the Directors and/or the Management and their respective advisers, if any, or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group or the respective Connected Grantees.

PRINCIPAL FACTORS CONSIDERED AND REASONS CONSIDERED

In formulating our opinion on the Proposed Connected Issue and the terms contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Proposed Connected Issue

The Board has adopted the Connected Employee Share Award Scheme on 1 April 2015. At the Latest Practicable Date, there were 15 Eligible Persons (who are connected persons of the Company), being Directors or directors of members of the Group, the additional background of which are set out below:

Position within the Group	Years of experience in the property/relevant industry
Directors	Have extensive experience in property development, construction management, strategic investments and financial industry
Directors of members of the Group	Have more than 10 years experience in the property development, construction management, finance and their respective area of expertise

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As advised by the Management, the Connected Grantees are members of the Group's core senior management who are expected to contribute significantly towards the Group's ongoing operations and financial performance, as well as responsible for the Group's continued development and growth. Having considered that the Connected Employee Share Award Scheme will (i) promote significant and integrated growth in the coming years through financial achievement, attainment of project milestones and ensuring potential for future growth; (ii) closely align executive interests with the successful transformation of the Company; (iii) support sustainable development of the Company; and (iv) provide a performance-driven long term incentive award to motivate and retain key senior management, we concur with the Management's view that the Connected Employee Share Award Scheme is in the interests of the Company and Independent Shareholders as a whole.

2. Principal terms of the Connected Employee Share Award Scheme

Set out below is the summary of the principal terms together with our analysis of the Connected Employee Share Award Scheme.

a. Duration and termination

As set out in the Announcement, subject to early termination as may be determined by the Board pursuant to the terms of the Connected Employee Share Award Scheme, the Connected Employee Share Award Scheme shall be valid and effective for a term of 16 years commencing on the Adoption Date.

The Connected Employee Share Award Scheme shall terminate on the earlier of the 16th anniversary date of the Adoption Date or such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Participants under the Connected Employee Share Award Scheme.

On the Business Day following the settlement, lapse, forfeiture or cancellation (as the case may be) of the last outstanding Award made or can be made under the Connected Employee Share Award Scheme (whichever is the earlier), the Trustee shall sell all the Shares remaining in the Trusts within a reasonable time period as agreed between the Trustee and the Company, and remit all cash and net proceeds of such sale and such other funds remaining in the Trust (after making appropriate deductions in respect of all disposal costs, expenses and other existing and future liabilities in accordance with the Trust Deeds) to the Company. For the avoidance of doubt, the Trustee shall not transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever (other than the proceeds in the sale of such Shares).

b. Grant of Awards

On 1 April 2015, the Board resolved to grant Awards for a total of 17,149,000 Award Shares which, depending on the Company's performance, may be adjusted to a maximum of 42,872,500 Award Shares to 15 Eligible Persons who are connected persons of the Company as the Connected Grantees in accordance with the terms of the Connected Employee Share Award Scheme.

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For illustrative purposes only, the maximum number of Award Shares to be vested on each Connected Grantee under the Proposed Connected Issue is set out as follows:

Name of Connected Grantee	Relationship with the Group	Maximum number of Award Shares to be vested	Approximate percentage of the total issued Shares as at the Latest Practicable Date (%)
Mr. Daniel Yim Keung WAN	Director of the Company	8,560,000	0.107
Mr. Philip Kun To WONG	Director of the Company	5,497,500	0.069
Mr. TANG Ka Wah	Director of subsidiaries of the Company	3,352,500	0.042
Mr. Charles Wing Ming CHAN	Director of subsidiaries of the Company	3,352,500	0.042
Ms. Jessica Ying WANG	Director of subsidiaries of the Company	3,352,500	0.042
Mr. Matthew Qing GUO	Director of subsidiaries of the Company	3,352,500	0.042
Mr. Willie Kim Lun UY	Director of subsidiaries of the Company	1,887,500	0.024
Mr. Bryan Kin Wang CHAN	Director of subsidiaries of the Company	1,887,500	0.024
Mr. Timmy Tat Man LEUNG	Director of subsidiaries of the Company	1,887,500	0.024
Mr. Adam Kim Fung LI	Director of subsidiaries of the Company	1,887,500	0.024
Mr. Dixon MAN	Director of subsidiaries of the Company	1,887,500	0.024
Mr. Allan Bin ZHANG	Director of subsidiaries of the Company	1,887,500	0.024
Ms. Sarah Ying Xian ZHANG	Director of subsidiaries of the Company	1,360,000	0.017
Mr. Alfred Jun Ao WU	Director of subsidiaries of the Company	1,360,000	0.017
Mr. Frankie Kwok Fai LAI	Director of subsidiaries of the Company	1,360,000	0.017
	Total:	<u>42,872,500</u>	<u>0.536</u>

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As set out in the Letter from the Board, the number of Award Shares granted to each Connected Grantee is determined with reference to the relevant Connected Grantee's position within the Group. Moreover, the said 42,872,500 new Shares shall be allotted and issued at par value to the Trustee by the Company. The costs of such issue will be borne by the Company and no new funds will be raised.

Pursuant to the Connected Employee Share Award Scheme, the Award Shares will be held on trust by the Trustee for the Selected Participants before vesting.

Maximum number of Award Shares to be granted to the Connected Grantees

Assuming (i) the maximum number of new Shares to be granted to the Connected Grantees of 42,872,500 Shares, which represents approximately 0.536% of the total issued Shares at the Latest Practicable Date were to be issued; and (ii) no other new Shares would be issued up to date of the Proposed Connected Issue, the maximum number of Award Shares to be granted to the Connected Grantees would represent approximately 0.533% of the total enlarged Share capital of the Company upon the completion of the Proposed Connected Issue.

As set out in the Announcement, in determining the Selected Participants, the Remuneration Committee has taken into consideration, including but not limited to, the present and expected contribution of the relevant Selected Participants to the Group. The Management also advised that an independent external consultant was engaged to advise the Company in respect of the establishment and terms of the Connected Employee Share Award Scheme and the employee share award scheme that was also adopted on the Adoption Date (the "**Employee Share Award Scheme**") (together with the Connected Employee Share Award Scheme, the "**Schemes**") (the "**Independent Scheme Consultant**"), including a review of the prevailing market salary packages of comparable companies (the "**Market Salary Review**") and advice on the maximum value of Award Shares under the Schemes (the "**Maximum Incentive Value**").

The Independent Scheme Consultant conducted the Market Salary Review on the comparable companies with the following characteristics, (i) property development companies with operations in the PRC; (ii) similar size of business to the Group's based on three years average total revenue; and (iii) main board listed issuers on the Stock Exchange. The Market Salary Review primarily involves the review and analysis on (i) the total compensation package (the "**TCP**") of senior management of these comparable companies, which includes fixed pay (the "**Fixed Pay**"), bonuses and other forms of shares based incentives (the "**Incentives**"); and (ii) the Incentives as a percentage to the Fixed Pay (i.e. the Incentives-Fixed Pay Ratio) of senior management of these comparable companies. Such data was then applied as a benchmark and basis to the Schemes and was one of the primary consideration factors for the determination of the Maximum Incentive Value.

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Having considered (i) the credential and experience of Independent Scheme Consultant; (ii) the basis of selecting the comparable companies set out above; (iii) the Independent Scheme Consultant's work and analysis performed in respect of the Market Salary Review and determination of the Maximum Incentive Value; and (iv) our review of the relevant underlying materials provided to us in this respect (such as the relevant lists of the comparable companies, criteria of selection, analysis and results of the comparison and the review of the long-term incentive framework of the Company related to the three-year grant), we are of the view that the determination of the Maximum Incentive Value advised by the Independent Scheme Consultant and reviewed by the Management is fair and reasonable.

The final number of Award Shares (the "**Final Award Shares**") to be vested on the Connected Grantees is subject to certain conditions being fulfilled, details of which are discussed below under the section headed "Vesting of the Award" of this letter.

The Management also advised that the same systems and process of determining the respective Final Award Shares to be vested are applied to both the Connected Grantees and employee grantees (the "**Employee Grantees**"), who are independent of the Company and its connected persons, pursuant to the terms of the Employee Share Award Scheme.

c. Settlement of the Awards

As set out in the Announcement, subject to the terms and restrictions of the Connected Employee Share Award Scheme, the Company shall pay to the Trustee monies and give direction(s) or a recommendation to the Trustee to apply such monies and/or such other net amount of cash derived from Shares held as part of the funds of the Trusts to acquire Shares on the market and/or allot and issue Award Shares (the "**Subscribed Shares**") to the Trustee to satisfy the Awards made to Selected Participants.

All the Award Shares to be allotted and issued pursuant to the Proposed Connected Issue, when issued and fully paid, will rank pari passu in all respects with all existing Shares presently in issue and at the time of allotment and issue of the said Award Shares.

Issue Price (net)

As set out in the Letter from the Board, the maximum Proposed Connected Issue of 42,872,500 new Shares shall be allotted and issued at par value (i.e. US\$0.0025 per Share) to the Trustee by the Company (the "**Issue Price**"). The Company will bear the cost of such issue and no new funds will be raised.

We also note from the Announcement that the Issue Price under the Schemes is the same. On this basis, the Issue Price to the Connected Grantees is no more favorable than the Issue Price to Employee Grantees (who are not connected persons of the Company).

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d. Vesting of the Award Shares

Vesting Conditions

Award Shares shall be vested on the Connected Grantees based on the Group's performance and the relevant Connected Grantee's performance during the Performance Period in the following proportion:

- (i) depending on the role and responsibilities of the relevant Connected Grantee, 50% to 100% of the Award Shares shall be vested according to the overall achievement of the Company's corporate business plan for the Performance Period (the "**Corporate Performance**"), which shall be based on the Group's average annual appraisal results by the end of the Performance Period with reference to the key performance measures and targets as the Board from time to time approves;
- (ii) depending on the role and responsibilities of the relevant Connected Grantee, 0% to 50% of the Award Shares shall be vested according to relevant Connected Grantee's average annual appraisal performance level (the "**Individual Performance**", together with the Corporate Performance, the "**Absolute Performance**") under the Company's appraisal system by the end of the Performance Period.

Vesting of Award Shares under the two limbs above is separate and independent of each other.

The Final Award Shares to be vested are further subject to adjustment by the Remuneration Committee at its absolute discretion, based on the Company's relative performance (the "**Relative Performance**") after taking into account, among other things, the average annual growth of the Group over the Performance Period and the Company's ranking among peer companies with similar operation to the Group identified by the Company (the "**Peer Companies**"). The final vesting decisions are solely at the discretion of the Remuneration Committee.

On this basis, Final Award Shares to be vested are determined based on the Absolute Performance and the Relative Performance, which are evaluated under the performance measure framework (the "**PMF**").

We note from the Announcement that the vesting conditions applied to the Connected Grantees and the Employee Grantees are similar. We have discussed the vesting conditions and the PMF with the Management and the Independent Scheme Consultant and have been advised that the PMF is applicable to both the Connected Grantees and Employee Grantees. Based on the PMF, performance is assessed against prescribed key performance measures and targets (the "**KPIs**") which are in accordance and consistent with the Company's three-year business plan during the Performance Period.

Corporate Performance

Corporate Performance is the principal factor in the determination of Absolute Performance and is broken down into two areas, namely, (i) financial performance, which is evaluated through the KPIs,

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such as net profit attributable to Shareholders, debt reduction by a stipulated timeframe and specified corporate milestone being achieved during the Performance Period; and (ii) strategic growth, which is evaluated against KPIs such as targets for core competencies in standardisation, costs, services and customisation.

Individual Performance

Individual Performance, being the other factor in the determination of Absolute Performance, is measured against the criteria set out under the Group's performance management system with the performance levels categorised into five grades. The Management advised that the criteria set out under the Group's performance management system which mainly include three main aspects including financial, operational and strategic growth (in terms of people and capabilities) objectives, focuses on their achievement on pre-set key performance objectives during the Performance Period.

Relative Performance

The Remuneration Committee will review the appraisal results of the Absolute Performance and, at its absolute discretion, can apply an upward or downward adjustment (the "Modifier"). The Management advised that in determining the magnitude of the Modifier, the Remuneration Committee may base on, among other factors, the Company's performance against the performance of the Peer Companies measured against a performance metrics under the PMF during the Performance Period. We have also discussed with the Management and the Independent Scheme Consultant the composition of the performance metrics, the determination of the ranking methodology (which is linked to among others, contracted sales and earnings before and after tax) and the basis thereto.

In view of our analysis in respect of the vesting of the Award Shares set out above, in particular (i) the vesting of the Award Shares to both the Connected Grantees and the Employee Grantees depends on his/her role and responsibilities and subject to the Corporate Performance and the Individual Performance of the relevant Connected Grantee or Employee Grantee; and (ii) both the Connected Grantees and the Employee Grantees are evaluated under the same PMF, we are of the view that the two limbs for the vesting of Award Shares is fair and reasonable.

Vesting Schedule

Upon fulfilment of the performance vesting conditions during the Performance Period and the determination of the number of Final Award Shares to be vested by the Remuneration Committee, the Final Award Shares shall be vested on the Connected Grantees according to the following schedule:

Percentage of Final Award Shares to be vested	Date of vesting
50%	on or before 30 June 2017 (after the publication of 2016 annual results by the Company)
25%	2 January 2018
25%	2 January 2019

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Upon the successful vesting, the maximum amount of Shares to be transferred and released from the Trust to or for the benefit of the Connected Grantees on the last Vesting Date may be 42,872,500 under the Proposed Connected Issue.

We note from the Announcement that the same vesting schedule will be applied to both the Connected Grantees and Employee Grantees.

As set out in the Announcement, where a selected participant who is not a connected person of the Company on the date on which the Awards were granted to him/her subsequently becomes a connected person of the Company prior to the vesting of the Awards, the vesting of the Awards will be subject to compliance by the Company of requirements under Chapter 14A of the Listing Rules, where applicable, and the Remuneration Committee shall have the absolute discretion to alter the vesting of or terminate such Awards where such requirements would, in the opinion of the Remuneration Committee, be burdensome on the Company.

We note that the vesting schedule and the performance period together are not less than five years with the last Vesting Date being in excess of two years from the end of the Performance Period and the Management advised that such vesting schedule has been designed with a view to provide a performance-driven long term incentive to motivate and retain key senior management.

e. Forfeiture or lapse of Awards

Any outstanding Awards granted under the Connected Employee Share Award Scheme but not yet vested shall be forfeited or lapsed with immediate effect if any of the following occurs on or before the relevant Vesting Date:

- (i) the Selected Participant ceases to be an Eligible Person or dies at any time prior to the Vesting Date, unless the Remuneration Committee determines otherwise at its absolute discretion;
- (ii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company; or
- (iii) the Selected Participant fails to satisfy any conditions as set out in the award letter.

f. Scheme Limit

As set out in the Announcement, the Company shall not make any further grant of Award which will result in the total number of Award Shares granted under the Schemes to exceed 5% of the total number of issued Shares from time to time.

The maximum number of Award Shares which may be granted to a Selected Participant but unvested under either of the Schemes shall not exceed 1% of the total number of issued Shares from time to time.

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As set out in the Announcement, the terms of the Connected Employee Share Award Scheme and the terms of Employee Share Award Scheme are substantially similar. Further details of the summary of the key terms of the Connected Employee Share Award Scheme, including the administration, dividends, the voting rights, transferability and other rights to Award Shares and change in control are referred to the relevant sections headed under “Summary of the Schemes” and “Grant and issue of Award Shares pursuant to the Schemes” in the Announcement.

3. Dilution effect on the shareholding of the Company and certain accounting treatment to the Company’s financial statements arising from the Proposed Connected Issue

a. Dilution effect

As set out in the Letter from the Board, the share capital and shareholding structure of the Company at the Latest Practicable Date and immediately upon the Proposed Connected Issue (assuming that (i) there are no other changes to the shareholding structure of the Company from the Latest Practicable Date up to the date of the Proposed Connected Issue; and (ii) the maximum number of Award Shares are vested on the Connected Grantees) are as follows:

	Shareholding as at the Latest Practicable Date		Shareholding immediately upon the Proposed Connected Issue	
	<i>Number of issued Shares</i>	<i>Approximate percentage of issued Shares (%)</i>	<i>Number of issued Shares</i>	<i>Approximate percentage of issued Shares (%)</i>
Substantial shareholders				
Ms. Loletta CHU	4,585,395,005 ⁽¹⁾	57.30	4,585,395,005 ⁽¹⁾	57.00
HSBC International Trustee Limited	4,583,545,484 ⁽²⁾	57.28	4,583,545,484 ⁽²⁾	56.98
Bosrich Holdings (PTC) Inc.	4,583,545,484 ⁽²⁾	57.28	4,583,545,484 ⁽²⁾	56.98
Shui On Company Limited	4,583,545,484 ⁽²⁾	57.28	4,583,545,484 ⁽²⁾	56.98
Mr. Vincent LO	4,585,395,005 ⁽³⁾	57.30	4,585,395,005 ⁽³⁾	57.00
Directors				
Mr. Vincent LO	4,585,395,005 ⁽³⁾	57.30	4,585,395,005 ⁽³⁾	57.00
Dr. William K. L. FUNG	5,511,456	0.069	5,511,456	0.069
Professor Gary C. BIDDLE	305,381	0.004	305,381	0.004
Sir John R. H. BOND	250,000	0.003	250,000	0.003
Dr. Roger L. McCARTHY	200,000	0.002	200,000	0.002
Mr. Daniel Yim Keung WAN	—	—	8,560,000 ⁽⁴⁾	0.106
Mr. Philip Kun To WONG	—	—	5,497,500 ⁽⁵⁾	0.068
Connected Grantees who are not Directors	—	—	28,815,000	0.36
Public Shareholders				
Other Shareholders	3,411,913,868	42.64	3,411,913,868	42.41
Total	8,001,726,189	100.00	8,044,598,689	100.00

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Notes:

- (1) These Shares comprised 1,849,521 Shares beneficially owned by Ms. Loletta CHU (“**Mrs. LO**”) and 4,583,545,484 Shares in which Mr. Vincent LO, the spouse of Mrs. LO, had a deemed interest under Part XV of the SFO as mentioned in note (2) below. Accordingly, Mrs. LO was also deemed to be interested in 4,583,545,484 shares under Part XV of the SFO.
- (2) These Shares were held by Shui On Company Limited (“**SOCL**”) through its controlled corporations, comprising 1,198,103,792 Shares, 1,446,988,826 Shares, 183,503,493 Shares, 29,847,937 Shares, 573,333,333 Shares, 708,448,322 Shares, 150,000,000 Shares and 293,319,781 Shares held by Shui On Properties Limited (“**SOP**”), Shui On Investment Company Limited (“**SOI**”), Chester International Cayman Limited (“**Chester International**”), New Rainbow Investments Limited (“**NRI**”), Lanvic Limited (“**Lanvic**”), Boswell Limited (“**Boswell**”), Merchant Treasure Limited (“**Merchant Treasure**”) and Doreturn Limited (“**Doreturn**”) respectively whereas SOP, Chester International, Lanvic, Boswell, Merchant Treasure and Doreturn were all wholly-owned subsidiaries of SOI. NRI was a wholly-owned subsidiary of SOCAM Development Limited which in turn was held by SOCL as to 48.38%. SOCL was held under the Bosrich Unit Trust, the trustee of which was Bosrich Holdings (PTC) Inc. (“**Bosrich**”). The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Vincent LO was a discretionary beneficiary and HSBC International Trustee Limited (“**HSBC Trustee**”) was the trustee. Accordingly, Mr. Vincent LO, Mrs. LO, Bosrich and HSBC Trustee were deemed to be interested in such shares under Part XV of the SFO.
- (3) These Shares comprised 1,849,521 Shares beneficially owned by Mrs. LO, the spouse of Mr. Vincent LO, and 4,583,545,484 Shares in which Mr. Vincent LO had a deemed interest under Part XV of the SFO as mentioned in note (2) above. Accordingly, Mr. Vincent LO was deemed to be interested in 4,585,395,005 Shares under Part XV of the SFO.
- (4) These Shares represent the maximum number of Shares that may vest pursuant to an Award granted to Mr. Daniel Yim Keung WAN by the Board on 1 April 2015 under the Connected Employee Share Award Scheme.
- (5) These Shares represent the maximum number of Shares that may vest pursuant to an Award granted to Mr. Philip Kun To WONG by the Board on 1 April 2015 under the Connected Employee Share Award Scheme.

We note from the table above that the shareholding of Independent Shareholders would be reduced from 100% to approximately 99.47%, and that of the existing public Shareholders (i.e. save for the Employee Grantees), would be reduced from approximately 42.64% to approximately 42.41% upon the Proposed Connected Issue, assuming that (i) there are no other changes to the shareholding structure of the Company from the Latest Practicable Date up to the date of the Proposed Connected Issue; and (ii) the maximum number of Award Shares are vested on the Connected Grantees.

Taking into account the reasons for the Proposed Connected Issue as set out under the section headed “1. Background of and reasons for the Proposed Connected Issue” in this letter, we concur with the Management that the slight dilution to the Independent Shareholders is reasonable and acceptable.

b. Possible financial effects arising from the Proposed Connected Issue

(i) Equity and net asset value

The Management advised that the respective closing Share price on the Initial Grant Date (and if applicable, the subsequent Grants adjustment date, being the date on which the number of the Final Award Shares is to be determined, granted and issued) will determine the amount to be recognised under capital and reserves and such amount shall be subject to amortisation over the period from the Initial Grant Date to the Last Vesting Date (the “**Amortisation Period**”).

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Upon issuance of the Subscribed Shares under the Proposed Connected Issue, the capital and reserves of the Group will be increased by the amount equivalent to the expenses incurred and adjusted (if applicable) in relation to the Proposed Connected Issue (before the relevant transaction costs) and recognised on the consolidated statement of profit and loss of the Group in the respective financial year during the relevant accounting period (the “**Annual Amortisation**”). As at the Initial Grant Date, the Share capital of the Group will be increased by the amount equivalent to the aggregate value of the par value of the Shares multiplied by the number of the Initial Granted Shares (the “**Initial Aggregate Share Capital Increase**”) and the capital reserves of the Group will be increased by the amount equivalent to the Annual Amortisation less the Initial Aggregate Share Capital Increase.

As of the subsequent grant date, (i) in the event that the Final Award Shares exceeds the Initial Granted Shares which the additional Shares (the “**Additional Granted Shares**”) will be granted and issued on the subsequent Grants adjustment date, the Group’s Share capital will be increased by the aggregate value of the par value of the Shares multiplied by the Additional Granted Shares (the “**Subsequent Aggregate Share Capital Increase**”), and the capital reserves of the Group will be increased by the amount of the Annual Amortisation less the Subsequent Aggregate Share Capital Increase; or (ii) in the event that the Final Award Shares are less than the Initial Granted Shares, the Group’s Share capital will remain unchanged, and the capital reserves of the Group will be decreased by the amount equivalent to the Annual Amortisation which will be a written back to the consolidated statement of profit or loss of the Company and represent the last amortisation amount of the initial estimated total Scheme expenses (the “**Initial Total Scheme Expenses**”).

(ii) *Profit for the year attributable to Shareholders*

The Management advised that the Initial Total Scheme Expenses, being the expenses incurred in relation to the Proposed Connected Issue (before the relevant transaction costs), and calculated based on the closing Share price on the Initial Grant Date multiplied by the number of the Initial Granted Shares, are amortised over the Amortisation Period on a monthly straight line basis through the consolidated statement of profit and loss of the Group. Such is subject to the adjustment of the Final Award Shares and the closing Share price on the subsequent Grants adjustment date (being the date on which the number of the Final Award Shares is to be determined, granted and issued) (the “**Adjustment**”). The Annual Amortisation is the amortisation of the Initial Total Scheme Expenses and the Adjustment (when incurred) is recognised on the consolidated statement of profit and loss of the Group in the respective financial year during the relevant accounting period.

In the event that the Additional Granted Shares will be granted and issued on the subsequent Grants adjustment date, the Adjustment is calculated as the closing Share price on the subsequent Grants adjustment date multiplied by the number of Additional Granted Share, which will be amortised for the period from the subsequent Grants adjustment date to the last Vesting Date on a monthly straight line basis.

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In the event that the Final Award Shares are less than the Initial Granted Shares, the Adjustment is calculated as the closing Share price on the Initial Grant Date multiplied by the difference between the number of the Final Award Shares and such of the Initial Granted Shares and will be written back to the consolidated statement of profit or loss of the Company in the year the number of the Final Award Shares are determined and represent the last amortisation amount of the “Initial Total Scheme Expenses”.

As the number of the Final Award Shares and the closing Share prices subsequent to the date of the publication of this letter are unknown, the Management is unable to quantify the final aggregate Scheme expenses to be recognised over the Amortisation Period.

(iii) *Working capital*

Given the costs and expenses of the Proposed Connected Issue to be borne by the Company will be offset against the consideration for the issuance of the Subscribed Shares, the Management advised that the net cash outflow arising from the Proposed Connected Issue (before transaction costs) is minimal. On this basis, no material adverse impact to the cash position of the Group is expected as a result of the Proposed Connected Issue on the Initial Grant Date and the subsequent grant date.

No material effect to the Group’s cash position is expected upon the vesting of the Subscribed Shares.

RECOMMENDATION

Having considered the principal factors and reasons as set out above, in particular,

- the reasons as set out under the paragraph headed “1. Background of and reasons for the Proposed Connected Issue” in this letter, such as, the Connected Employee Share Award Scheme incentivises the Connected Grantees to promote future growth of the Group through financial achievement;
- the grant of 17,149,000 Award Shares to the Connected Grantees, subject to the performance of the Company and the respective Connected Grantees, may be increased to 42,872,500 Award Shares, representing approximately 0.214% and 0.536% of the total issued Shares as at the Latest Practicable Date, respectively;
- the issue price under the Schemes are the same, on this basis the issue price to the Connected Grantees is no more favorable than the issue price to the Employee Grantees (who are not connected persons of the Company);
- the vesting is conditioned upon the appraisal results of the Absolute Performance and Relative Performance being reviewed and adjusted by the Remuneration Committee, taking into account the Corporate Performance and Individual Performance during the Performance Period;
- the PMF is applicable to both the Connected Guarantees and the Employee Grantees;

LETTER FROM INVESTEC

- the vesting period, being not less than two and a half years with the last Vesting Date being in excess of three years from the end of the Performance Period, and the vesting schedule were determined with a view to provide a performance-driven long term incentive to motivate and retain key senior management;
- the maximum number of Award Shares to be granted to the Connected Grantees of 42,872,500 Shares, together with the maximum number of Award Shares to be granted to the Employee Grantees of 19,262,500 Shares, shall not exceed 5% of the total of issued Shares from time to time whereas the maximum number of Shares which may be granted to a Connected Grantee but unvested under the Proposed Connected Issue shall not exceed 1% of the total number of issued Shares from time to time;
- assuming there are no other changes to the shareholding structure of the Company as at the Latest Practicable Date, save for the maximum number of Award Shares are vested on the Connected Grantees, the shareholding of the existing public Shareholders would be diluted from approximately 42.64% to approximately 42.41% upon the Proposed Connected Issue;
- the Company will satisfy the Proposed Connected Issue by Subscribed Shares, which is expected to have minimal adverse effect (before transaction costs) to the Group's cash position; and
- the terms of the Connected Employee Share Award Scheme and the terms of Employee Share Award Scheme are substantially similar,

we are of the opinion that the Proposed Connected Issue under the Connected Employee Share Award Scheme is fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole.

Yours faithfully
For and on behalf of
Investec Capital Asia Limited

Alexander Tai
Managing Director
Head of Corporate Finance

Mr. Tai of Investec is a responsible officer of Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. He has been active in the field of corporate finance advisory for over 20 years, involved in and completed various corporate finance advisory transactions in Hong Kong.

The material terms of the Connected Employee Share Award Scheme are summarised as follows:

Purposes

The purposes of the Connected Employee Share Award Scheme are (i) to promote significant and integrated growth in the coming years through financial achievement, attainment of project milestones and ensuring potential for future growth; (ii) to closely align executive interests with the successful transformation of the Company; (iii) to support sustainable development of the Company; and (iv) to provide a performance-driven long term incentive award to motivate and retain key senior management.

Duration

Subject to any early termination as may be determined by the Board pursuant to the terms of the Connected Employee Share Award Scheme, the Connected Employee Share Award Scheme shall be valid and effective for a term of 16 years commencing on the Adoption Date.

Administration

The Connected Employee Share Award Scheme shall be subject to the administration of the Remuneration Committee and the Trustee in accordance with the terms of the Connected Employee Share Award Scheme and the terms of the Trust Deed. The human resources department of the Company shall assist the Remuneration Committee in relation to the documentations and administrative procedural matters of the Connected Employee Share Award Scheme.

Grant of Awards

The Remuneration Committee may, from time to time, at its absolute discretion select Eligible Persons to participate in the Connected Employee Share Award Scheme as Selected Participants, subject to the terms and conditions set out in the Connected Employee Share Award Scheme. In determining the Selected Participants, the Remuneration Committee shall take into consideration matters including, but without limitation, the present and expected contribution of the relevant Selected Participants to the Group.

No Award may be made after inside information has come to the knowledge of the Company until the information has been announced in accordance with the Listing Rules. In particular, but only insofar as and for so long as the Listing Rules require, no Award may be made during the period commencing one month immediately before the earlier of: (a) the date of the Board meeting (as such date is first notified to the Stock Exchange) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (b) the deadline for the Company to publish its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement.

Pursuant to the Connected Employee Share Award Scheme, the costs and expenses for acquiring Award Shares will be borne by the Company, and the Award Shares will be held on trust by the Trustee for the Selected Participants before vesting.

Settlement of Awards

Subject to the restrictions set forth in the terms of the Connected Employee Share Award Scheme (as summarised below), the Company shall pay to the Trustee monies and give direction(s) or a recommendation to the Trustee to apply such monies and/or such other net amount of cash derived from Shares held as part of the funds of the Trust to acquire Shares on the market (the “**Purchased Shares**”) and/or allot and issue Shares (the “**Subscribed Shares**”) to the Trustee to satisfy any Award made to Selected Participants, provided that Awards made to Selected Participants shall not be satisfied by Subscribed Shares, unless the Company has, where required, obtained the approval by Shareholders for the issue of Award Shares to such Selected Participants in accordance with all applicable laws, rules and regulations (including but not limited to the Listing Rules).

The Trustee shall not deal in Shares at any time if the Trustee has received notice in writing from the Company that any such dealing at that time would cause the Trustee, the Company or any member of the Group, a director, officer or employee of the Company or any member of the Group to be in breach of the provisions of any applicable laws, rules or regulations (including the Listing Rules).

Vesting of Award

Subject to the terms of the Connected Employee Share Award Scheme, the Remuneration Committee shall determine from time to time such vesting conditions or vesting periods for the Award Shares to be vested. Unless otherwise determined by the Board at its discretion, the Award Shares shall vest in accordance with the conditions and timetable as set out in the relevant award letter issued to the Selected Participant at the time of grant.

Upon satisfaction of applicable vesting criteria and conditions, the Company shall issue a vesting notice to the Selected Participants for the vesting of Awards and direct the Trustee to transfer and release the relevant Award Shares from the Trust to or for the benefit of the relevant Selected Participant.

Where a Selected Participant who is not a connected person of the Company on the date on which the Award was granted to him/her subsequently becomes a connected person of the Company prior to vesting of the Award, vesting of the Award will be subject to compliance by the Company of requirements under Chapter 14A of the Listing Rules, where applicable, and the Remuneration Committee shall have the absolute discretion to alter the vesting of or terminate such Award where such requirements would, in the opinion of the Remuneration Committee, be burdensome on the Company.

Pursuant to the terms of the Connected Employee Share Award Scheme, any stamp duty or other transaction fees, direct costs and expenses arising on vesting and transfer of the Award Shares to or for the benefit of the Selected Participants shall be borne by the Company, save that transaction fees and expenses payable by the Selected Participant as transferee shall be borne by the Selected Participant.

Forfeiture or lapse of Award

Any outstanding Award granted under the Connected Employee Share Award Scheme but not yet vested shall be forfeited or lapse with immediate effect if any of the following occurs on or before the relevant Vesting Date:

- (i) the Selected Participant ceases to be an Eligible Person or dies at any time prior to the Vesting Date, unless the Remuneration Committee determines otherwise at its absolute discretion;
- (ii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company; or
- (iii) the Selected Participant fails to satisfy any condition as set out in the award letter.

Dividends

A Selected Participant will have no right to any dividend prior to the vesting and transfer of the Award Shares, which shall be retained by the Trustee for the benefit of the Connected Employee Share Award Scheme.

In the event the Company undertakes a scrip dividend scheme, the Trustee shall elect to receive dividends wholly in form of cash, and such cash dividend received shall be held as funds of the Trust.

Voting rights

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust.

Transferability and other rights to Award Shares

Any Award granted hereunder but not yet vested shall be personal to the Selected Participant to whom it is made and shall not be assignable or transferable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Award, or enter into any agreement to do so.

Change in control

If there occurs an event of change in control of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, all the outstanding Awards not yet vested and that are granted (whether conditionally or unconditionally) to Selected Participants shall:

- (i) where the number of Award Shares to be vested has been ascertained, all such Award Shares shall vest; or
- (ii) where the number of Award Shares to be vested has yet to be ascertained, the Award shall vest in such number as the Remuneration Committee may in its absolute discretion determine.

Scheme Limit

The Company shall not make any further grant of Award which will result in the total number of Award Shares granted under the Connected Employee Share Award Scheme to exceed 5% of the total number of issued Shares from time to time.

The maximum number of Award Shares which may be granted to a Selected Participant but unvested under the Connected Employee Share Award Scheme shall not exceed 1% of the total number of issued Shares from time to time.

Termination

The Connected Employee Share Award Scheme shall terminate on the earlier of the 16th anniversary date of the Adoption Date, and such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Participant under the Connected Employee Share Award Scheme.

On the Business Day following the settlement, lapse, forfeiture or cancellation (as the case may be) of the last outstanding Award made or can be made under the Connected Employee Share Award Scheme (whichever is the earlier), the Trustee shall sell all the Shares remaining in the Trust within a reasonable time period as agreed between the Trustee and the Company, and remit all cash and net proceeds of such sale and such other funds remaining in the Trust (after making appropriate deductions in respect of all disposal costs, expenses and other existing and future liabilities in accordance with the Trust Deed) to the Company. For the avoidance of doubt, the Trustee shall not transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever (other than the proceeds in the sale of such Shares).

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Interests of Directors and chief executive of the Company

At the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) to be notified to the Company and the Stock Exchange were as follows:

(a) Long position in the Shares and the underlying Shares of the Company

Name of Directors	Number of ordinary Shares			Interests in the underlying Shares Share Options (Note 3)	Total	Approximate percentage of interests to the issued share capital of the Company as at the Latest Practicable Date (Note 4)
	Personal Interests	Family interests	Other interests			
Mr. Vincent LO	—	1,849,521 (Note 1)	4,583,545,484 (Note 2)	—	4,585,395,005	57.30%
Mr. Daniel Y. K. WAN	—	—	8,560,000 (Note 5)	7,109,726	15,669,726	0.196%
Dr. William K. L. FUNG	5,511,456	—	—	—	5,511,456	0.06%
Professor Gary C. BIDDLE	305,381	—	—	—	305,381	0.0038%
Sir John R. H. BOND	250,000	—	—	—	250,000	0.003%
Dr. Roger L. McCARTHY	200,000	—	—	—	200,000	0.002%
Mr. Philip Kun To WONG	—	—	5,497,500 (Note 6)	—	5,497,500	0.069%

Notes:

- (1) These Shares were beneficially owned by Ms. Loletta CHU (“**Mrs. LO**”), the spouse of Mr. Vincent LO. Mr. Vincent LO was deemed to be interested in 1,849,521 Shares under Part XV of the SFO.
- (2) These Shares were held by Shui On Company Limited (“**SOCL**”) through its controlled corporations, comprising 1,198,103,792 Shares, 1,446,988,826 Shares, 183,503,493 Shares, 29,847,937 Shares, 573,333,333 Shares, 708,448,322 shares, 150,000,000 Shares and 293,319,781 Shares held by Shui On Properties Limited (“**SOP**”), Shui On Investment Company Limited (“**SOI**”), Chester International Cayman Limited (“**Chester International**”), New Rainbow Investments Limited (“**NRI**”), Lanvic Limited (“**Lanvic**”), Boswell Limited (“**Boswell**”), Merchant Treasure Limited (“**Merchant Treasure**”) and Doreturn Limited (“**Doreturn**”) respectively whereas SOP, Chester International, Lanvic, Boswell, Merchant Treasure and Doreturn were all wholly-owned subsidiaries of SOI. NRI was a wholly-owned subsidiary of SOCAM Development Limited which in turn was held by SOCL as to 48.38%. SOCL was held under the Bosrich Unit Trust, the trustee of which was Bosrich Holdings (PTC) Inc. (“**Bosrich**”). The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Vincent LO was a discretionary beneficiary and HSBC International Trustee Limited (“**HSBC Trustee**”) was the trustee. Accordingly, Mr. Vincent LO, Mrs. LO, Bosrich and HSBC Trustee were deemed to be interested in such shares under Part XV of the SFO.
- (3) These represent the interests of share options granted to the Directors and/or their associate(s) under the share option scheme adopted by the Company on 8 June 2007 to subscribe for shares of the Company.
- (4) These percentages have been compiled based on the total number of issued Shares (i.e. 8,001,726,189 Shares) at the Latest Practicable Date.
- (5) These 8,560,000 Shares represent the maximum number of Shares that may vest pursuant to an Award granted to Mr. Daniel Yim Keung WAN by the Board on 1 April 2015 under the Connected Employee Share Award Scheme.
- (6) These 5,497,500 Shares represent the maximum number of Shares that may vest pursuant to an Award granted to Mr. Philip Kun To WONG by the Board on 1 April 2015 under the Connected Employee Share Award Scheme.
- (b) *Interests in the debentures of the associated corporation of the Company*

Name of Director	Name of Associated Corporation	Amount of Nature of Interests	Debentures
Sir John R. H. BOND	Shui On Development (Holding) Limited	Personal interests	US\$813,000
Dr. William K. L. FUNG	Shui On Development (Holding) Limited	Family interests	US\$500,000

Save as disclosed herein, at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

At the Latest Practicable Date, none of the Directors was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2014 (being the date to which the latest published audited financial statements of the Group were made up).

At the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, which was subsisting and was significant in relation to the business of the Group.

At the Latest Practicable Date, save as disclosed below, none of the Directors or the proposed Directors is a director or employee of a company which had an interest or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Directors	Name of companies which had such discloseable interest or short position	Position within such companies
Mr. Vincent LO	SOCL, SOP, SOI, NRI and Boswell	Director
Mr. Frankie Y. L. WONG	SOCL, SOP, SOI and Boswell	Director

3. EXPERTS AND CONSENTS

The following is the qualification of the expert who has provided advice referred to or contained in this circular:

Name	Qualification
Investec	A corporation licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

Investec has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice and references to its name in the form and context in which they respectively appear.

4. EXPERT'S INTEREST

Investec has confirmed that, at the Latest Practicable Date:

- (a) it did not have any shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group;
- (b) it was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2014 (being the date to which the latest published audited financial statements of the Group were made up); and

(c) the letter of Investec is given as of the date of this circular for incorporation herein.

5. SERVICE CONTRACTS

At the Latest Practicable Date, none of the Directors had entered into, with any member of the Group, a service agreement which is not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

6. NO MATERIAL ADVERSE CHANGE

At the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2014 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

7. INTEREST OF DIRECTORS IN COMPETING INTERESTS

Mr. Vincent LO is an executive Director and the Chairman of the Company, as well as the ultimate controlling shareholder, chairman and chief executive officer of SOCL and its subsidiaries (excluding SOCAM Development Limited and its subsidiaries) (the “**Shui On Group**”). The core businesses of the Shui On Group include property development and investment projects in Hong Kong, New York and the PRC, as more fully described in the section headed “Relationship with the Shui On Group” of the Company’s listing prospectus dated 20 September 2006 (the “**Listing Prospectus**”). The Company has entered into a deed of non-competition dated 30 May 2006 with SOCL and Mr. Vincent LO pursuant to which SOCL and Mr. Vincent LO have severally undertaken not to compete with the business of the Company. For more details, see the section headed “Relationship with the Shui On Group” of the Listing Prospectus. In addition, Mr. Vincent LO is also the chairman and controlling shareholder of SOCAM Development Limited, which is engaged in property development in the PRC.

Saved as disclosed above, at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business which competes or may compete with the business of the Group, or has or may have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the rules of the Connected Employee Share Award Scheme approved by the Board are available for inspection during normal business hours at 34th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong from the date of this circular and up to and including 15 May 2015.