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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

**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 manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the 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)**

**MAJOR AND CONNECTED TRANSACTION:  
DISPOSAL OF 21.4% EQUITY INTEREST IN  
SHANGHAI RUI HONG XIN CHENG CO., LTD.  
REPRESENTING 49.5% OF THE PARTNERSHIP PORTFOLIO**

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A letter from the Board is set out on pages 5 to 15 of this circular.

Capitalised terms used on this cover page should have the same meanings as those defined in the section headed “Definitions” in this circular.

There can be no assurance that any forward-looking statements regarding the business development of the Group set out in this circular and any of the matters set out herein are attainable, will actually occur or will be realised or are complete or accurate. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place any excessive reliance on the information disclosed herein. Any Shareholder or potential investor who is in doubt is advised to seek advice from professional advisors.

\* *For identification purposes only*

29 December 2017

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Affiliate(s)”	in the case of any corporation, entity or person, any other corporation, entity or person that directly or indirectly controls or be controlled by a Party or that is commonly controlled by the other corporations, entities or persons; in the case of any natural person, the relatives of the person (i.e. child, spouse, sibling or parents) and any entity directly or indirectly controlled by such natural person or the relatives thereof. For the purpose of the Agreement, the Project Company shall not be deemed as an Affiliate of Shui On Development, the Vendor or China Life Fund;
“Announcement”	the announcement of the Company dated 19 December 2017 in relation to, among other things, the Transactions;
“Agreed Status”	the as-is status of Hall of the Moon (Ruihong Tiandi Lot 3), Hall of the Stars (Ruihong Tiandi Lot 6) and Phase II Shopping Mall (Palette 3), and the clean site status of Lot 10;
“Agreement”	the investment framework agreement dated 19 December 2017 entered into between Shui On Development, the Vendor, China Life Fund and the Project Company in relation to, among other things, the Transactions;
“AIC Change Application”	has the meaning ascribed to it in the paragraph headed “Conditions” in the section headed “Letter from the Board” in this circular;
“associate(s)”; “connected person(s)”; “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Business Day(s)”	a day on which commercial banks in the PRC are open for general business (other than any Saturday and Sunday);
“Call Option”	the call option granted by China Life Fund to Shui On Development for Shui On Development and its Affiliates to acquire the equity interests in the Partnership Portfolio held by China Life Fund;
“China Life Capital”	China Life Capital Investment Co., Ltd.* (國壽資本投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of China Life Group;

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## DEFINITIONS

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“China Life Fund”	上海丸晟實業合夥企業(有限合夥), a limited partnership formed under the laws of the PRC, being the purchaser to the Agreement;
“China Life Group”	China Life Insurance (Group) Company* (中國人壽保險(集團)公司);
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Main Board of the Stock Exchange (stock code: 272);
“Completion”	completion of the disposal of the Sale Equity in accordance with the terms and conditions of the Agreement;
“Completion Date”	the date on which the Completion takes place;
“Condition(s)”	condition(s) precedent to the payment of the Initial Purchase Price contained in the Agreement, details of which are set out in the paragraph headed “Conditions” in this circular;
“Development Management Agreement”	the development management agreement to be entered into on the Completion Date between the Project Company and Shui On Management, pursuant to which the Project Company shall appoint Shui On Management for the provision of management services in respect of the development of the construction in progress on Lot 10 of the Project;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hongfang”	Shanghai Hongfang (Group) Company Limited* (上海虹房(集團)有限公司), a company established in the PRC with limited liability;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Initial Purchase Price”	has the meaning as ascribed to it under the paragraph headed “Purchase Price” in the section headed “Letter from the Board” in this circular;
“KIC Project”	a bundle of properties comprising retail, office, hotel, car parking spaces and clubhouse which is commonly known as “Knowledge and Innovation Community” and is located in Yangpu District, Shanghai;

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## DEFINITIONS

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“Latest Practicable Date”	22 December 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information in the section headed “Letter from the Board” in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Lock-Up Period”	a period of eight years commencing from the Completion Date, subject to an extension of two years upon agreement by the Vendor and China Life Fund;
“Long Stop Date”	31 January 2018;
“Lot 10”	Hall of the Sun (Ruihong Tiandi Lot 10);
“Material Adverse Effect”	save as otherwise provided in the Agreement, loss of an amount exceeding 10% of the total asset value of the Partnership Portfolio as agreed by the Parties under the Agreement;
“Partnership Portfolio”	the portfolio of properties held by the Vendor (via the Project Company) subject to the disposal of the Sale Equity as contemplated under the Agreement, details of which are set out in the paragraph headed “Information of the Project Company and Partnership Portfolio” in this circular;
“Party” or “Parties”	party(ies) to the Agreement;
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“Project”	Rui Hong Xin Cheng Project* (瑞虹新城項目);
“Project Company”	Shanghai Rui Hong Xin Cheng Co., Ltd.* (上海瑞虹新城有限公司), a Sino-foreign cooperative joint venture established in the PRC;
“Purchase Price”	the total purchase price payable by China Life Fund for the disposal of the Sale Equity, details of which are set out in the paragraph headed “Purchase Price” in the section headed “Letter from the Board” in this circular;
“Remaining Portfolio”	the portfolio of properties held by the Vendor (via the Project Company) which is not subject to the disposal of the Sale Equity as contemplated under the Agreement;
“RMB”	Renminbi, the lawful currency of the PRC;

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## DEFINITIONS

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“Sale Equity”	21.4% of the entire equity interests in the Project Company, representing 49.5% of the interests in the Partnership Portfolio (via the Project Company);
“Shanghai Xintiandi”	Shanghai Xintiandi Management Limited* (上海新天地商業管理有限公司), a company established in the PRC with limited liability and a subsidiary of the Company;
“Shares”	the ordinary shares of the Company with nominal value of US\$0.0025 each;
“Shareholders”	holders of the Shares;
“Shui On Development”	Shui On Development (Holding) Limited, an exempted company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company;
“Shui On Management”	Shui On Management Limited* (瑞安管理(上海)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Signing Date”	the date of signing of the Agreement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transactions”	the transactions contemplated under the Agreement;
“Transfer of Interests”	has the meaning as ascribed to it under the paragraph headed “Introduction” in the section headed “Letter from the Board” in this circular;
“Triggering Events”	the holding of any property of the Remaining Portfolio by the Project Company one month prior to the expiry of the Lock-Up Period;
“US\$”	United States dollars, the lawful currency of the United States of America;
“Vendor”	Hollyfield Holdings Limited, a company incorporated in Mauritius with limited liability and an indirect wholly-owned subsidiary of the Company; and
“%”	per cent.

*Unless otherwise specified in this circular and for the purpose of illustration only, RMB is translated into HK\$ at the rate of HK\$1.00 = RMB0.84559. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates or at all.*

\* For identification purposes only

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Vincent H. S. LO (*Chairman*)  
Mr. Douglas H. H. SUNG (*Chief Financial Officer*)

*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  
Mr. Anthony J. L. NIGHTINGALE

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Cayman Islands

*Place of Business in Hong Kong:*

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

29 December 2017

*To the Shareholders*

Dear Sir or Madam.

**MAJOR AND CONNECTED TRANSACTION:  
DISPOSAL OF 21.4% EQUITY INTEREST IN  
SHANGHAI RUI HONG XIN CHENG CO., LTD.  
REPRESENTING 49.5% OF THE PARTNERSHIP PORTFOLIO**

**INTRODUCTION**

Reference is made to the Announcement in relation to, among other things, the Agreement and the Transactions. On 19 December 2017, Shui On Development, the Vendor (each a wholly-owned subsidiary of the Company), China Life Fund and the Project Company entered into the Agreement, pursuant to which, among other things, the Sale Equity, representing 49.5% of the Partnership Portfolio (via the Project Company) will be transferred from the Vendor to China Life Fund (the “**Transfer of Interests**”).

\* For identification purposes only

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## LETTER FROM THE BOARD

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At the Last Practicable Date, the Project Company owned the Partnership Portfolio and the Remaining Portfolio. The Parties agreed that, upon Completion, the Sale Equity will represent 49.5% of the interests in the Partnership Portfolio (via the Project Company) only but not any interest in the Remaining Portfolio.

The purpose of this circular is to provide you with, among other things, further details of the Agreement and the Transactions and other information required under the Listing Rules.

### **BACKGROUND AND REASONS FOR THE TRANSACTIONS AND EXPECTED BENEFITS TO THE COMPANY**

In accordance with the “Asset Light Strategy” which the Group has been pursuing since 2015, the Transactions enable the Group to optimize the value of some of its mature investment properties and to recycle its capital into other new opportunities. Upon Completion, the Transactions are estimated to generate a gain of RMB1,196,000,000 (equivalent to approximately HK\$1,414,397,000); and after deducting taxes and transaction costs, a total net proceeds of approximately RMB3,614,000,000 (equivalent to approximately HK\$4,273,939,000).

In addition, one of the key aspects of our “Asset Light Strategy” is to leverage our commercial brands and asset management expertise in order to expand our portfolio and recurring income base. We will partner with financial institutions, land owners or other investors to diversify our funding base and to reduce the overall capex and debt required to scale, and to allow us to achieve a higher return on equity to our Shareholders. The Transactions, together with the partnership between both parties on the recently completed divestment of 49% equity interest held by the Company in KIC Project, demonstrate the Group’s intention in developing long-term strategic partnership with China Life Group. On 19 December 2017, the Company entered into a strategic cooperation agreement with China Life Capital, a wholly-owned subsidiary of China Life Group, in relation to, among other things, the potential cooperation in real estate project investments in the PRC. Details of this strategic partnership can be found in a press release dated 19 December 2017.

After the Completion, the Group will retain 49.5% of the interests in the Partnership Portfolio and will act as the development manager and asset manager for the Partnership Portfolio.

The Directors, including the independent non-executive Directors, are of the view that the Agreement and the Transactions have been entered into on normal commercial terms that are fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### **THE AGREEMENT**

The principal terms of the Agreement are summarized as follows:

#### **Date**

19 December 2017



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## LETTER FROM THE BOARD

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### **Parties**

- (a) Shui On Development;
- (b) Vendor;
- (c) China Life Fund; and
- (d) Project Company

### **Assets to be disposed of**

#### *The Sale Equity*

At the Latest Practicable Date, the Project Company owned the Partnership Portfolio (details of which are set out in the paragraph headed “Information of the Project Company and Partnership Portfolio” in the section headed “Letter from the Board” in this circular) and the Remaining Portfolio. The Parties have agreed that, upon Completion, the Sale Equity will represent 49.5% of the interests in the Partnership Portfolio (via the Project Company) only but not any interest in the Remaining Portfolio.

#### **Upon Completion:**

- (a) 49.5% of the interests in the Partnership Portfolio (via the Project Company) will be held by China Life Fund;
- (b) 49.5% of the interests in the Partnership Portfolio (via the Project Company) will be held by the Vendor; and
- (c) 1% of the interests in the Partnership Portfolio (via the Project Company) will be held by Hongfang.

#### **Purchase Price**

The Purchase Price for the disposal of the Sale Equity shall be an initial amount of RMB3,869,000,000 (equivalent to approximately HK\$4,575,503,000) (the “**Initial Purchase Price**”), representing 49.5% of the agreed net asset value of the Partnership Portfolio in the amount of RMB7,817,000,000 (equivalent to approximately HK\$9,244,433,000), subject to adjustment at Completion. The Initial Purchase Price represents a premium of approximately 28% over the carrying value shown in the unaudited estimated accounts of the Partnership Portfolio at 31 December 2017 (being RMB3,022,000,000 (equivalent to approximately HK\$3,573,836,000)). Such premium was determined after arm’s length negotiations between the Parties with reference to the market valuation from an external independent professional valuer.

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## LETTER FROM THE BOARD

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In calculating the above agreed net asset value of the Partnership Portfolio, the following factors have been taken into account:

- (a) the agreed total asset value of the Partnership Portfolio in the amount of RMB9,510,000,000 (equivalent to approximately HK\$11,246,585,000) which was agreed by the Vendor and China Life Fund based on the Agreed Status of the Partnership Portfolio;
- (b) the construction and installation costs (including design costs), public facility costs and onshore finance costs incurred and to be incurred for the Partnership Portfolio at the Agreed Status until Completion, whereby the initial amount of such costs at 31 December 2017 was RMB505,000,000 (equivalent to approximately HK\$597,216,000), which was determined based on the estimated accounts of the Partnership Portfolio at 31 December 2017 and is subject to adjustment at Completion;
- (c) other assets of the Partnership Portfolio (which are not included in the agreed total asset value of the Partnership Portfolio) at Completion, whereby the initial amount of such assets at 31 December 2017 was RMB63,000,000 (equivalent to approximately HK\$74,504,000), which was determined based on the estimated accounts of the Partnership Portfolio at 31 December 2017 and is subject to adjustment at Completion; and
- (d) liabilities of the Partnership Portfolio at Completion, whereby the initial amount of such liabilities at 31 December 2017 was RMB2,261,000,000 (equivalent to approximately HK\$2,673,873,000), which was determined based on the estimated accounts of the Partnership Portfolio at 31 December 2017 and is subject to adjustment at Completion.

For the purpose of the adjustments to the Initial Purchase Price at Completion, within 30 days after Completion, the Vendor and China Life Fund shall cause the designated auditor to audit the accounts of the Partnership Portfolio at the Completion Date, confirming the figures under items (b), (c) and (d) above at Completion, and adjusting the net asset value of the Partnership Portfolio to reflect changes up to Completion.

### **Post-Completion Purchase Price Adjustment**

Upon Completion, the Initial Purchase Price shall be adjusted as follows:

- (a) if the Purchase Price exceeds the Initial Purchase Price and such difference does not exceed 7% of the Initial Purchase Price, China Life Fund shall, within 5 Business Days, pay the Vendor the amounts representing 90% and 10% of such difference to any onshore Affiliate designated by the Vendor (such amount shall be further remitted to an offshore bank account designated by the Vendor in accordance with the terms of the Agreement) and to a bank account jointly controlled by the Vendor and China Life Fund (such amount shall be used for the settlement of the transaction taxes payable by the Vendor in the PRC), respectively;
- (b) if the Purchase Price exceeds the Initial Purchase Price and such difference exceeds 7% of the Initial Purchase Price, the Purchase Price shall be capped at 107% of the Initial Purchase Price and such difference shall be paid to the Vendor in accordance with item (a) above; and

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## LETTER FROM THE BOARD

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- (c) if the Purchase Price is lower than the Initial Purchase Price, the Vendor shall, within 5 Business Days, pay or cause to be paid an amount representing such difference to a bank account designated by China Life Fund.

The Purchase Price was determined after arm's length negotiations between the Parties with reference to the above and the Directors consider that the Purchase Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### Payment Terms

100% of the Initial Purchase Price shall be paid by China Life Fund in one lump sum on the 5th Business Day after the Signing Date or within 1 Business Day after all of the Conditions have been fulfilled or waived (as the case may be), whichever is the later, to a bank account jointly controlled by the Vendor and China Life Fund, and shall be further remitted to an offshore bank account designated by the Vendor.

### Conditions

Subject to the terms of the Agreement, the payment of the Initial Purchase Price is conditional upon China Life Fund's Affiliate receiving no objection to the Transactions from the relevant PRC regulatory authority(ies) by 9:00 a.m. on the 5th Business Day following the Signing Date; and is also conditional on the satisfaction or, where applicable, waiver of the following Conditions on or before the Long Stop Date:

- (1) the approval in respect of the Agreement and the Transactions having been obtained from the Shareholders in accordance with the requirements of the Listing Rules (as applicable);
- (2) the written consent on the Transfer of Interests from all of the banks providing loans for the Project as specified in the Agreement having been obtained;
- (3) filing in respect of the Transfer of Interests with the local counterpart of the Ministry of Commerce of the PRC having been made by the Project Company pursuant to the terms of the Agreement;
- (4) all documents required for application for the changes to be made in the industry and commerce registrations in the PRC in relation to the Transfer of Interests (the "**AIC Change Application**") having been provided by the Project Company to the relevant registration authorities for pre-approval (formal submission is not required) pursuant to the terms of the Agreement, and verbal confirmation that the documents provided are in compliance with the requirements having been obtained from such registration authorities;
- (5) a written license in form and substance required under the Agreement having been issued by the legal owner(s) of the trademark(s) registered in connection with the Partnership Portfolio, permitting the Project Company to use such trademark(s) for free for purposes relating to the Partnership Portfolio during the period (i) when the interests in the Partnership Portfolio were only owned by the Vendor, China Life Fund and Hongfang and

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## LETTER FROM THE BOARD

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the Affiliates thereof, or only owned by the Vendor and China Life Fund and the Affiliates thereof; and (ii) when services with respect to asset management of the Partnership Portfolio is provided by Shanghai Xintiandi or other Affiliate(s) of Shui On Development;

- (6) no applicable laws, court orders, government orders or any other similar injunctions having been introduced after the Signing Date which may render all or any material part of the Transactions invalid, and no final and non-appealable prohibitions or restrictions having been imposed on any Party which may render it unable to complete all or any material part of the Transactions;
- (7) subject to the terms of the Agreement, the warranties provided by Shui On Development and the Vendor under the Agreement remaining true and accurate in all material aspects at the time of payment of the Purchase Price;
- (8) save for the events already being rectified, there being no event having Material Adverse Effect on the Partnership Portfolio; and
- (9) save for the events already being rectified or expressly waived by China Life Fund, there being no breach on the part of the Vendor of any pre-Completion undertakings provided by the Vendor under the Agreement.

China Life Fund may waive the Conditions listed at (4), (5), (7), (8) and (9) above by notice to the other Parties in writing. For the avoidance of doubt, the Conditions listed at (6), (7), (8) and (9) above shall be presumed to be satisfied if all other Conditions are being fulfilled or waived, unless evidence to the contrary is provided by any Party.

In the event that the Conditions above cannot be fulfilled or waived on or before the Long Stop Date, any Party is entitled to extend the Long Stop Date for one month. If the Parties fail to exercise their right to extend the Long Stop Date within 5 Business Days after the Long Stop Date, or if any of the Conditions is not fulfilled or waived by the end of the extended Long Stop Date, any non-defaulting Party may at its absolute discretion by written notice to the other Parties terminate the Agreement with immediate effect.

### **Completion**

The AIC Change Application shall be made on the same day when the Initial Purchase Price (details of which are set out in the paragraph headed "Purchase Price" in this circular) is paid by China Life Fund.

Completion shall take place in accordance with the terms and conditions of the Agreement as set out below:

- (a) at 10:00 a.m. on the Business Day following the day on which the AIC Change Application is accepted by relevant registration authorities if the AIC Change Application is accepted on the same day when the Initial Purchase Price is paid by China Life Fund; or

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## LETTER FROM THE BOARD

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- (b) at 1:00 p.m. on the same day when the AIC Change Application is accepted by relevant registration authorities if the AIC Change Application is accepted in the morning on the Business Day following the day on which the Initial Purchase Price is paid by China Life Fund.

Completion took place on 27 December 2017.

### **Guarantee**

Shui On Development has agreed to provide guarantee in favour of China Life Fund with respect to all the obligations of the Vendor in connection with the Transactions contemplated under the Agreement. Shui On Development and the Vendor have agreed to provide guarantee in favour of the Project Company with respect to all the obligations of Shui On Management under the Development Management Agreement.

### ***Management of the Partnership Portfolio***

Upon Completion, the Project Company shall appoint Shui On Management and Shanghai Xintiandi for provision of services in respect of the development and construction management of Lot 10, and the asset management of the Partnership Portfolio, respectively.

### **Transfer Restrictions**

#### ***(a) Lock-Up Period***

Save as otherwise provided in the Agreement, during the Lock-Up Period, none of the Parties shall transfer or assign all or any part of their rights or obligations in the Partnership Portfolio to a third party without unanimous written consent and approval by the Vendor and China Life Fund.

#### ***(b) Right of first refusal***

Save as otherwise provided in the Agreement, each of the Vendor and China Life Fund shall have a right of first refusal on any transfer of all (but not some) of its interests in the Partnership Portfolio (via the Project Company) on terms not less favourable than the terms proposed by the intended transferor.

#### ***(c) Tag-along right***

Subject to paragraphs (a) and (b) above, if the Vendor or China Life Fund proposes to transfer all (but not some) of its interests in the Partnership Portfolio (via the Project Company) to a third party, the other Party shall have the right to sell its interests on the same terms.

#### ***(d) Drag-along right***

Subject to paragraphs (a) and (b) above, if the Vendor or China Life Fund proposes to transfer all (but not some) of its interests in the Partnership Portfolio (via the Project Company) to a third party, such Party shall have the right to require the other Party to transfer its interests on the same terms.

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## LETTER FROM THE BOARD

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*(e) No partial transfer*

Any transfer of interests in the Partnership Portfolio must be of all (but not some) of the interests held by the proposed transferor.

The Company shall comply with the applicable requirements of the Listing Rules upon the exercise of the right of first refusal, tag-along right and drag-along right.

### **Triggering Events and Call Option**

Upon the occurrence of the Triggering Events, China Life Fund may grant a Call Option to Shui On Development for Shui On Development or its Affiliates to acquire the equity interests in the Partnership Portfolio held by China Life Fund. If Shui On Development exercises the Call Option, the consideration payable will be the fair market value of China Life Fund's equity interest in the Partnership Portfolio.

If, upon receiving the written notice on the grant of the Call Option, (1) Shui On Development notifies China Life Fund that the Call Option will not be exercised pursuant to the terms of the Agreement or Shui On Development does not reply within the period prescribed in the Agreement to China Life Fund expressly stating it will exercise the Call Option; or (2) Shui On Development exercises the Call Option, but the transfer of equity interests held by China Life Fund is not completed within 120 days after the Call Option is exercised and such failure to complete is caused by the reasons attributable to Shui On Development, China Life Fund shall, upon proposing to transfer its interests in the Partnership Portfolio (via the Project Company) to a third party, have the drag-along right to require the Vendor to sell its interests in the Partnership Portfolio (via the Project Company) to the same third party at the fair market price.

The Company shall comply with the applicable requirements of the Listing Rules upon the exercise of the Call Option.

### **INFORMATION OF THE PROJECT COMPANY AND PARTNERSHIP PORTFOLIO**

The Project Company is established in the PRC and its principal business activity is property development and property investment in Hongkou District, Shanghai City.

The Partnership Portfolio represents a bundle of developed properties and undeveloped land parcels in the Project, namely Hall of the Moon (Ruihong Tiandi Lot 3), Hall of the Stars (Ruihong Tiandi Lot 6) and Phase II Shopping Mall (Palette 3), with a saleable and leasable gross floor area of 110,795 square metres, and a construction in progress of Lot 10 with an aboveground gross floor area of 282,665 square metres, and 562 ancillary car parking lots.

The unaudited net asset value of the Partnership Portfolio at 30 June 2017 was approximately RMB5,572,000,000 (equivalent to approximately HK\$6,589,482,000). For the six months ended 30 June 2017, the unaudited losses both before and after taxation of the Partnership Portfolio were approximately RMB34,000,000 (equivalent to approximately HK\$40,209,000) and RMB25,000,000 (equivalent to approximately HK\$29,565,000), respectively. For the year ended 31 December 2016, the unaudited profits both before and after taxation of the Partnership Portfolio were approximately

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## LETTER FROM THE BOARD

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RMB368,000,000 (equivalent to approximately HK\$435,199,000) and RMB276,000,000 (equivalent to approximately HK\$326,399,000), respectively. For the year ended 31 December 2015, the unaudited profits both before and after taxation of the Partnership Portfolio were approximately RMB38,000,000 (equivalent to approximately HK\$44,939,000) and RMB28,000,000 (equivalent to approximately HK\$33,113,000), respectively.

### INFORMATION OF THE GROUP

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

Shui On Development is incorporated in the Cayman Islands with limited liability and is principally engaged in investment holding and debt financing.

The Vendor is an investment holding company incorporated in Mauritius with limited liability and an indirect wholly-owned subsidiary of the Company.

### INFORMATION OF CHINA LIFE FUND

China Life Fund is a limited partnership formed under the laws of the PRC for the purpose of investment and management of the Partnership Portfolio. China Life Fund is managed and funded by wholly-owned subsidiaries of China Life Group.

### FINANCIAL EFFECTS AND USE OF PROCEEDS FROM THE TRANSACTIONS

Following the Completion, the Partnership Portfolio will cease to be consolidated in the Company's financial statements. For the avoidance of doubt, the Remaining Portfolio will remain consolidated in the Company's financial statements.

Taking into account the estimated accounts of the Partnership Portfolio as of 31 December 2017, the Group anticipates that the disposal of the Sale Equity will realise a gain of approximately RMB1,196,000,000 (equivalent to approximately HK\$1,414,397,000). The anticipated gain includes the gain from the disposal of the Sale Equity and the fair value gain from the Group's residual interests in the Partnership Portfolio which is the difference between the fair value and the carrying amount of interests retained in the Partnership Portfolio.

After deducting taxes and transaction costs, the total net proceeds from the disposal of the Sale Equity will be approximately RMB3,614,000,000 (equivalent to approximately HK\$4,273,939,000). Upon Completion, the gearing ratio of the Company will drop by approximately 14%.

Shareholders and potential investors should note that the above expectation is for illustrative purpose only. The actual accounting gain or loss in connection with the Transactions may be different from the above and will be determined based on the financial position of the Partnership Portfolio on the Completion Date.

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## LETTER FROM THE BOARD

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The Group intends to apply the proceeds from the Transactions to repay offshore indebtedness with near term maturity and to fund the general working capital of the Group.

### FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is accelerating its overall asset turnover and will continue to seek to realise the value of existing assets. It is the Group's strategy to divest commercial properties in its portfolio that are mature and stabilized or are non-core assets at the right time and price. Increasing asset turnover will allow the Group to implement its strategic monetization plan for its commercial portfolio in the prevailing market conditions so as to increase profitability and help to strengthen the Group's cash flow and reduce debt.

For the first ten months of 2017, the Company's accumulated contracted sales was RMB15,226 million.

In relation to the development of the Group's properties, construction works of two residential sites situated at the Wuhan and Chongqing projects and phase 2 of one residential site situated at the Shanghai Taipingqiao project were completed in the second half of 2017. The second batch of Rui Hong Xin Cheng Phase 7 was successfully launched for pre-sale in April 2017 with good sales result. The remaining of Rui Hong Xin Cheng Phase 7 is scheduled to be launched for pre-sale afterwards. The Group will continue to launch new phases of residential properties in other projects in mainland China.

However, the PRC government has during 2017 introduced a series of local and national measures designed to stabilize the property market. The restrictive measures are unprecedented and include imposing controls on granting pre-sale permits, price controls, as well as restrictions on home purchases and residential mortgages.

The Directors are of the view that the PRC real estate market will continue to develop and grow in the long run, and that, as the Group implements its current strategies, this will lay a solid foundation for the Group's sustainable development and its long term prospects.

### LISTING RULES IMPLICATIONS

As China Life Capital, the fund manager of China Life Fund, is an associate of a connected person of the Company at the subsidiary level, the Transactions constitute connected transactions of the Company.

As the Directors have approved the Transactions and the independent non-executive Directors have confirmed that the terms of such Transactions are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, pursuant to Rule 14A.101 of the Listing Rules, the Transactions are subject to reporting and announcement requirements and exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.



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## LETTER FROM THE BOARD

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As the highest applicable percentage ratio in respect of the Transactions exceeds 25% but is less than 75%, the Transactions constitute a major transaction of the Company and are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Transactions. As such, no Shareholder is required to abstain from voting on the resolution(s) if an extraordinary general meeting is convened to approve the Agreement and the Transactions.

Shui On Properties Limited, Shui On Investment Company Limited, Chester International Cayman Limited, Lanvic Limited, Boswell Limited, Merchant Treasure Limited and Doreturn Limited, which are controlled by Shui On Company Limited and which together constitute a closely allied group of Shareholders, holds 675,493,996 Shares, 1,707,888,889 Shares, 183,503,493 Shares, 633,333,333 Shares, 908,448,322 Shares, 150,000,000 Shares and 323,319,781 Shares, respectively, and together representing approximately 56.84% of the issued share capital of the Company at the Latest Practicable Date.

The Company has obtained the written approval of Shui On Properties Limited, Shui On Investment Company Limited, Chester International Cayman Limited, Lanvic Limited, Boswell Limited, Merchant Treasure Limited and Doreturn Limited on the Agreement and the Transactions pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting will be convened to consider the Agreement and the Transactions.

### RECOMMENDATION

The Directors consider that the Transactions are on normal commercial terms and in the usual course of business of the Group, and that the terms and conditions of the Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole and would recommend the Shareholders to vote in favour of the resolutions to approve the Transactions if it had been necessary to hold a general meeting for such purpose.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

## 1. FINANCIAL INFORMATION OF THE GROUP

The unaudited consolidated financial information of the Group for the six months ended 30 June 2017; and the audited consolidated financial information of the Group (i) for the year ended 31 December 2016; (ii) for the year ended 31 December 2015; and (iii) for the year ended 31 December 2014; all of which have been published on the website of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.shuionland.com](http://www.shuionland.com)):

- (a) the interim report of Company for the six months ended 30 June 2017 published on 15 September 2017 (pages 31 to 63): <http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0915/LTN20170915347.pdf>
- (b) the annual report of the Company for the year ended 31 December 2016 published on 20 April 2017 (pages 121 to 223): <http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0420/LTN20170420232.pdf>
- (c) the annual report of the Company for the year ended 31 December 2015 published on 14 April 2016 (pages 117 to 219): <http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0414/LTN20160414546.pdf>
- (d) the annual report of the Company for the year ended 31 December 2014 published on 22 April 2015 (pages 115 to 217): <http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0422/LTN20150422231.pdf>

## 2. STATEMENT OF INDEBTEDNESS

### Borrowings

At the close of business on 31 October 2017, being the latest practicable date for the purpose of determining this indebtedness of the Group prior to the printing of this circular, the Group had total borrowings amounting to approximately RMB47,125 million, details of which are as follows:

- (i) senior notes of the Group with the aggregate carrying amount of RMB13,062 million (the aggregate principal amount of approximately RMB12,861 million) which were unsecured and guaranteed;
- (ii) bank borrowings of the Group with the aggregate carrying amount of approximately RMB33,819 million (the aggregate principal amount of approximately RMB33,983 million), of which RMB9,967 million (the corresponding principal amount of approximately RMB10,109 million) were unsecured, and RMB23,852 million (the corresponding principal amount of approximately RMB23,874 million) were secured by certain assets of the Group. Amongst these bank borrowings, borrowings with the aggregate carrying amount of RMB14,349 million (the corresponding aggregate principal amount of RMB14,504 million) were guaranteed;
- (iii) amounts due to non-controlling shareholders of subsidiaries of the Group with the aggregate principal amount of RMB25 million which were unsecured and not guaranteed; and

- (iv) amounts due to related companies of the Group with the aggregate principal amount of RMB219 million which were unsecured and not guaranteed.

### **Mortgages and charge**

At 31 October 2017, the Group's secured borrowings were secured by certain of the Group's bank deposits, investment properties, property, plant and equipment, prepaid lease payments, properties under development for sale, properties held for sale, accounts receivables, benefits accrued to the relevant properties and equity interests in certain subsidiaries.

### **Contingent liabilities**

In addition, at 31 October 2017, the Group had the following contingent liabilities:

- (i) Pursuant to an agreement entered into with the district government (the “**Hongkou Government**”) and the Education Authority of the Hongkou District, Shanghai, the PRC on 31 July 2002, guarantees of no more than RMB324 million will be granted by the Group to support bank borrowings arranged in the name of a company to be nominated by the Hongkou Government, as part of the financial arrangement for the site clearance work in relation to the development of a parcel of land. At 31 October 2017, such arrangement has not taken place;
- (ii) The Group has provided a guarantee to (i) a joint venture which was formed between Richcoast and Mitsui (a non-controlling shareholder of an associate's subsidiary) and (ii) Mitsui for an aggregate amount not exceeding RMB55 million in respect of Richcoast's payment obligations to the joint venture and Mitsui;
- (iii) The Group has issued financial guarantees to independent third parties in respect of outstanding amounts due from subsidiaries of an associate. The maximum amount that could be paid by the Group if the guarantee was called upon is RMB729 million; and
- (iv) The Group provided guarantees of RMB1,417 million at 31 October 2017 to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

### **Liabilities arising from rental guarantee arrangements**

The Group disposed of a number of properties to independent third parties (“**purchasers**”) in previous years. As part of the disposal, the Group also agreed to provide the purchasers with rental guarantees whereby the Group agreed to compensate the purchasers on a yearly basis, as follows:

The compensation is calculated from the date when the first instalment was received till January 2019 which could be further extended by the purchaser for three times, each for a one-year period when certain conditions are met - the shortfall between 8% of the consideration receivable by the Group from the purchaser and the net operating income to be generated by the property.

At 31 October 2017, the aggregate fair value of financial liabilities arising from these rental guarantee arrangements amounted to RMB443 million. In respect of the guarantee period from 31 October 2017 and beyond, the aggregate maximum amount the Group could be required to settle as if there were no operating income to be generated by the disposed properties was RMB986 million.

Save as aforementioned and apart from intra-group liabilities within the Group and normal trade business, at the close of business on 31 October 2017, the Group did not have any other outstanding borrowings, loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

### **3. WORKING CAPITAL**

The Directors are of the opinion that, after taking into account the net cash proceeds to be received from the disposal of the Sale Equity, the present financial resources available to the Group including but not limited to revenue generated by its principal operations and funds through disposal of properties, cash and cash equivalents on hand, existing banking facilities, successful refinancing of certain banking facilities; and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its business for the next twelve months from the date of this circular.

*The following is a text of the letter and valuation report prepared for the purpose of incorporation in this circular issued by Knight Frank Petty Limited, an independent property valuer, in connection with the valuation of the Partnership Portfolio at 31 October 2017.*



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<http://www.knightfrank.com.hk>

The Directors  
Shanghai Rui Hong Xin Cheng Co., Ltd.  
26/F, Shui On Plaza  
333 Huai Hai Zhong Road  
Shanghai  
The PRC

29 December 2017

Dear Sirs

**Various Lots of Shanghai Rui Hong Xin Cheng, Hong Kou District, Shanghai, The People's Republic of China**

In accordance with your instructions for us to value the captioned property interests held by Shui On Land Limited (hereinafter referred to as the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 31 October 2017.

**Basis of Valuation**

Our valuation is our opinion of the market value of the property interest which we would define as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of an asset or liability is also estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

### **Valuation Methodology**

We have valued the properties Group I which are held by the Group for investment purpose by reference to sales evidence as available on the market, and where appropriate, on the basis of capitalisation of the rental incomes as shown on the documents handed to us by the Group. We have allowed for outgoings, and where appropriate, made provisions for reversionary income potential.

For property in Group II which is held by the Group under development, the valuation has been arrived by adopting market-based valuation approach with reference to sales evidence of comparable properties with adjustments made to account for any difference. We have assumed that the property will be completed in accordance with the development proposals provided to us and the relevant approvals for the proposals have been obtained. We have also taken into account the cost of development including construction costs, finance costs, professional fees and developer's profit which duly reflects the risks associated with the development of the property.

### **Title Documents and Encumbrances**

We have been provided with copies of extracts of title documents relating to the properties. However, we have not inspected the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us. We have relied on the information given by the Group and its PRC legal adviser, Jin Mao PRC Lawyers, regarding the title and other legal matters relating to the properties.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restriction and outgoings of an onerous nature which could affect their values.

### **Source of Information**

We have relied to a considerable extent on the information given by the Group and the legal opinion of the Group's PRC legal adviser. We have no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, ownership, completion dates of buildings, particulars of occupancy, tenancy details, floor and site areas, development proposals, construction costs and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on information contained in the

documents provided to us and are therefore only approximations. We have not been able to carry out on-site measurements to verify the correctness of the site and floor areas of the properties and we have assumed that the site and the floor areas shown on the documents handed to us are correct. We were also advised by the Group that no material facts have been omitted from the information provided.

### **Inspection and Structural Condition**

We have inspected the properties by our valuer, Ms. Jun Wang in November 2017. However, we have not carried out site investigations to determine the suitability of ground conditions and services, etc for any future developments. Our valuations are prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

### **Identity of Property to be valued**

We exercised reasonable care and skill (but will not have an absolute obligation to you) to ensure that the properties, identified by the property addresses in your instructions, is the properties inspected by us and contained within our valuation report. If there is ambiguity as to the property addresses, or the extent of the properties to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

### **Environmental Issues**

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

### **Remarks**

In our valuation, Knight Frank has prepared the valuation based on information and data available to us as at the valuation date. It must be recognised that the real estate market is subject to market fluctuations, while changes in policy direction and social environment could be immediate and have sweeping impact on the real estate market. It should therefore be noted that any market violation, policy and social changes or other unexpected incidents after the valuation date may affect the value of the property.

In preparing our valuation report, we have complied with “The HKIS Valuation Standards (2012 Edition)” published by the Hong Kong Institute of Surveyors and all requirements contained in the provision of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

**Currency**

All money amounts stated are in Renminbi.

Our summary of values and valuation report are attached.

Yours faithfully,

For and on behalf of Knight Frank Petty Limited  
**Clement W M Leung** MFin MCIREA MHKIS MRICS RPS (GP)  
RICS Registered Valuer  
Executive Director, Head of China Valuation

*Note:* Clement W M Leung MFin, MCIREA, MHKIS, MRICS, RPS(GP), is a qualified valuer and has about 23 years' experience in the valuation of properties in Hong Kong, Macau and Asia Pacific region and has 21 years' experience in the valuation of properties in the People's Republic of China.



## SUMMARY OF VALUES

Property	Market value in existing state as at 31 October 2017 <i>RMB</i>	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 October 2017 <i>RMB</i>
<b>Group I - Property interests held by the Group for investment purpose</b>			
1 Various Portions of Shanghai Rui Hong Xin Cheng Phase II Hong Kou District Shanghai The PRC	768,600,000	99%	760,914,000
2 Various Portions of Shanghai Rui Hong Xin Cheng (Lot 6) Hong Kou District Shanghai The PRC	677,200,000	99%	670,428,000
3 Shanghai Rui Hong Xin Cheng (Lot 3) Hong Kou District Shanghai The PRC	2,415,300,000	99%	2,391,147,000
<b>Group II - Property interest held by the Group under development</b>			
4 Shanghai Rui Hong Xin Cheng (Lot 10) Hong Kou District Shanghai The PRC	5,949,000,000	99%	5,889,510,000
<b>Grand Total:</b>	<u><u>9,810,100,000</u></u>		<u><u>9,711,999,000</u></u>

## VALUATION REPORT

## Group I - Property interests held by the Group for investment purpose

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 October 2017														
1 Various Portions of Shanghai Rui Hong Xin Cheng Phase II Hong Kou District Shanghai The PRC	<p>Shanghai Rui Hong Xin Cheng (“RHXC”) is situated on Linping Road in Hong Kou District, Shanghai, with a total site area of approximately 409,768 sq.m.. The whole development will be constructed in phases and comprise a total gross floor area of approximately 2,121,931 sq.m.. Upon completion, RHXC will comprise various high-rise residential blocks, supplemented by office blocks, commercial complexes, public amenities and other facilities including underground car park, garden, clubhouse and ground level pedestrian plaza.</p> <p>RHXC Phase II was formed by amalgamating Lot 11 and Lot 174 of RHXC with a total site area of approximately 45,131 sq.m.. RHXC Phase II has been developed into a composite development comprising 13 high-rise residential blocks and commercial portion completed in between 2004 and 2006. The commercial portion is composed of south and north portions. North portion is a 2-level commercial complex erected upon a 2-level basement whilst south portion is a 2-level commercial podium situated beneath residential blocks.</p> <p>The property comprises commercial portion (north portion and south portion) with various advertising boards and car parking spaces of RHXC Phase II located at Block Nos 13 to 16. Details of the gross floor areas are listed as follows:</p>	<p>Commercial portion of the property with a total gross floor area of approximately 25,520 sq.m. together with 106 basement car parking spaces are currently subject to various tenancies with the last tenancy expiring on 28 February 2022 yielding a total monthly rental of approximately RMB3,430,000 exclusive of management fee whilst the remaining commercial portion of the property with a total gross floor area of approximately 2,051 sq.m. is vacant.</p> <p>Various advertising boards of the property have been leased under various licences with the last tenancy expiring on 31 March 2020 yielding a total monthly rental of approximately RMB21,000.</p>	<p>RMB768,600,000 (RENMINBI SEVEN HUNDRED SIXTY EIGHT MILLION AND SIX HUNDRED THOUSAND ONLY)</p> <p>(99% interest attributable to the Group: RMB760,914,000)</p>														
	<table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area</th> </tr> <tr> <td></td> <td><i>sq.m.</i></td> </tr> </thead> <tbody> <tr> <td>Commercial</td> <td>12,496</td> </tr> <tr> <td>Commercial (Basement)</td> <td>15,075</td> </tr> <tr> <td>Car park (Basement) (106 nos)</td> <td>4,220</td> </tr> <tr> <td>Other</td> <td><u>12,828</u></td> </tr> <tr> <td>Total:</td> <td><u>44,619</u></td> </tr> </tbody> </table>	Use	Gross Floor Area		<i>sq.m.</i>	Commercial	12,496	Commercial (Basement)	15,075	Car park (Basement) (106 nos)	4,220	Other	<u>12,828</u>	Total:	<u>44,619</u>		
Use	Gross Floor Area																
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Car park (Basement) (106 nos)	4,220																
Other	<u>12,828</u>																
Total:	<u>44,619</u>																
	<p>The land use right term of the property is held for a term of 70 years commencing from 20 November 2001 and expiring on 19 November 2071 for residential use.</p>																

*Notes:*

1. Pursuant to the co-operative Joint Venture Contract entered into between Shanghai Zhong Hong (Group) Company Limited (currently changed to Shanghai Hong Fang (Group) Company Limited) (“**Party A**”) and Hollyfield Holdings Limited (“**Party B**”) dated 27 April 2001 and the approval letter No Hu Wai Zi Wei Xie (2006) 214 dated 20 January 2006, both parties agreed to establish a co-operative joint-venture company. The salient conditions as stipulated in the co-operative Joint Venture Contract and the approval letter are, inter alia, cited as follows:
  - (i) Name of joint-venture company : Shanghai Rui Hong Xin Cheng Co., Ltd. (the “**Joint Venture**”)
  - (ii) Period of operation : 70 years from the date of issuance of business licence
  - (iii) Total investment amount : RMB1,700,000,000 (currently change to RMB8,800,000,000)
  - (iv) Registered capital : RMB567,000,000 (currently change to RMB6,700,000,000) (Party A : 1%, Party B : 99%)
2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.
3. Pursuant to the Business Licence with Unified Social Credit No 913100006074338228, the Joint Venture was incorporated with a registered capital of RMB5,700,000,000 (currently change to RMB6,700,000,000) for a valid period from 2 July 2001 to 1 July 2071.
4. Pursuant to the Shanghai Real Estate Ownership Certificate No Hu Fang Di Hong Zi (2004) Di 015979 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 8 July 2004, the title to Block Nos 13 and 14 of RHXC with a total gross floor area of 49,375.5 sq.m. is vested in the Joint Venture for a term commencing from 20 November 2001 and expiring on 19 November 2071 for residential use. Portion of the property is vested in the said certificate.
5. As per your specific terms of instruction to provide the breakdown of market values for commercial portion and 106 leased basement car parking spaces of the property, the market values of the commercial portion and the 106 basement car parking spaces of the property as at the valuation date are approximately RMB734,000,000 and RMB34,600,000 respectively.
6. We have been provided with the Group’s PRC legal adviser’s opinion, which inter-alia, contains the followings:
  - (i) the Joint Venture has been legally established;
  - (ii) the Joint Venture is the sole owner of the land use rights and buildings of the property;
  - (iii) the property is subject to a mortgage;
  - (iv) the property can be legally occupied, used or transferred by the Joint Venture subject to relevant laws and regulations and conditions stipulated in the mortgage contract; and
  - (v) other than the mortgage as mentioned in note (6) (iii), the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 October 2017												
2 Various Portions of Shanghai Rui Hong Xin Cheng (Lot 6) Hong Kou District Shanghai The PRC	<p>Shanghai Rui Hong Xin Cheng (“RHXC”) is situated on Linping Road in Hong Kou District, Shanghai, with a total site area of approximately 409,768 sq.m.. The whole development will be constructed in phases and comprise a total gross floor area of approximately 2,121,931 sq.m.. Upon completion, RHXC will comprise various high-rise residential blocks, supplemented by office blocks, commercial complexes, public amenities and other facilities including underground car park, garden, clubhouse and ground level pedestrian plaza.</p> <p>The property comprises commercial portion on Level 1, Level 2 and Basement and car parking spaces of RHXC Lot 6 with a total gross floor area of approximately 23,660 sq.m. completed in about 2014. Details of the gross floor areas are listed as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area</th> </tr> </thead> <tbody> <tr> <td></td> <td><i>sq.m.</i></td> </tr> <tr> <td>Commercial (L1 &amp; L2)</td> <td>9,372</td> </tr> <tr> <td>Commercial (B1)</td> <td>9,767</td> </tr> <tr> <td>Car park (Basement) (109 nos)</td> <td><u>4,521</u></td> </tr> <tr> <td>Total:</td> <td><u>23,660</u></td> </tr> </tbody> </table> <p>The land use right term for the property is held under a term of 70 years commencing from 13 June 2002 and expiring on 12 June 2072 for residential use.</p>	Use	Gross Floor Area		<i>sq.m.</i>	Commercial (L1 & L2)	9,372	Commercial (B1)	9,767	Car park (Basement) (109 nos)	<u>4,521</u>	Total:	<u>23,660</u>	<p>Commercial portion of the property with a total gross floor area of approximately 18,154 sq.m. is currently subject to various tenancies with the last tenancy expiring on 28 February 2023 yielding a total monthly rental of approximately RMB1,880,000 exclusive of management fee whilst the remaining portion of the property is owner-occupied/vacant.</p>	<p>RMB677,200,000 (RENMINBI SIX HUNDRED SEVENTY SEVEN MILLION AND TWO HUNDRED THOUSAND ONLY)</p> <p>(99% interest attributable to the Group: RMB670,428,000)</p>
Use	Gross Floor Area														
	<i>sq.m.</i>														
Commercial (L1 & L2)	9,372														
Commercial (B1)	9,767														
Car park (Basement) (109 nos)	<u>4,521</u>														
Total:	<u>23,660</u>														

## Notes:

- Pursuant to the co-operative Joint Venture Contract entered into between Shanghai Zhong Hong (Group) Company Limited (currently changed to Shanghai Hong Fang (Group) Company Limited) (“Party A”) and Hollyfield Holdings Limited (“Party B”) dated 27 April 2001 and the approval letter No Hu Wai Zi Wei Xie (2006) 214 dated 20 January 2006, both parties agreed to establish a co-operative joint venture company. The salient conditions as stipulated in the Joint Venture Contract and the approval letter are as follows:
  - Name of joint venture company : Shanghai Rui Hong Xin Cheng Co., Ltd. (上海瑞虹新城有限公司) (the “Joint Venture”)
  - Period of operation : 70 years from the date of issuance of business licence
  - Total investment amount : RMB1,700,000,000 (currently change to RMB8,800,000,000)

- (iv) Registered capital : RMB567,000,000 (currently change to RMB6,700,000,000)  
(Party A : 1%, Party B : 99%)
2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.
3. Pursuant to the Business Licence with Unified Social Credit No 913100006074338228, the Joint Venture was incorporated with a registered capital of RMB5,700,000,000 (currently change to RMB6,700,000,000) for a valid period from 2 July 2001 to 1 July 2071.
4. Pursuant to the Shanghai Certificate of Real Estate Ownership No Hu Fang Di Hong Zi (2014) Di 011404 issued by the Shanghai Planning, Land and Administration Bureau dated 29 November 2014, the title to Lot 6 of RHXC with a total gross floor area of 180,359.88 sq.m. (including a basement gross floor area of 749.96 sq.m.) is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring in 12 June 2072 for residential use.
5. Pursuant to the Shanghai Certificate of Real Estate Ownership No Hu Fang Di Hong Zi (2014) Di 012577 issued by the Shanghai Planning, Land and Administration Bureau dated 26 December 2014, the title to portion of basement car parking spaces of Lot 6 of RHXC is vested in the Joint Venture for a term commencing from 13 June 2002 and expiring in 12 June 2072 for residential use.
6. As per your specific terms of instruction to provide the breakdown of market value for car park portion of the property, the market value of the aforesaid car park portion as at the valuation date is approximately RMB32,700,000.
7. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the followings:
- (i) the Joint Venture has been legally established;
- (ii) the Joint Venture is the sole owner of the land use rights and buildings of the property;
- (iii) the property can be legally occupied, used or transferred by the Joint Venture subject to relevant laws and regulations; and
- (iv) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 October 2017												
3 Shanghai Rui Hong Xin Cheng (Lot 3) Hong Kou District Shanghai The PRC	<p>Shanghai Rui Hong Xin Cheng (“RHXC”) is situated on Linping Road in Hong Kou District, Shanghai, with a total site area of approximately 409,768 sq.m.. The whole development will be constructed in phases and comprise a total gross floor area of approximately 2,121,931 sq.m.. Upon completion, RHXC will comprise various high-rise residential blocks, supplemented by office blocks, commercial complexes, public amenities and other facilities including underground car park, garden, clubhouse and ground level pedestrian plaza.</p> <p>The property comprises commercial and car parking spaces portions of RHXC Lot 3 with a total gross floor area of approximately 85,651 sq.m. completed in about 2015. Details of the gross floor areas are listed as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: right;"><i>sq.m.</i></td> </tr> <tr> <td>Commercial (L1-L5)</td> <td style="text-align: right;">49,768</td> </tr> <tr> <td>Commercial (Basement)</td> <td style="text-align: right;">14,317</td> </tr> <tr> <td>Car park (Basement) (347 nos)</td> <td style="text-align: right;"><u>21,566</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>85,651</u></td> </tr> </tbody> </table> <p>The land use right term for the property is held under two terms commencing from 13 June 2002 and expiring on 12 June 2042 for commercial use and expiring on 12 June 2052 for cultural use.</p>	Use	Gross Floor Area		<i>sq.m.</i>	Commercial (L1-L5)	49,768	Commercial (Basement)	14,317	Car park (Basement) (347 nos)	<u>21,566</u>	Total:	<u>85,651</u>	<p>Commercial portion of the property with a total gross floor area of approximately 58,411 sq.m. is currently subject to various tenancies with the last tenancy expiring on 31 August 2033 yielding a total monthly rental of approximately RMB6,440,000 exclusive of management fee whilst the remaining portion of the property is owner-occupied/vacant.</p>	<p>RMB2,415,300,000 (RENMINBI TWO BILLION FOUR HUNDRED FIFTEEN MILLION AND THREE HUNDRED THOUSAND ONLY)  (99% interest attributable to the Group: RMB2,391,147,000)</p>
Use	Gross Floor Area														
	<i>sq.m.</i>														
Commercial (L1-L5)	49,768														
Commercial (Basement)	14,317														
Car park (Basement) (347 nos)	<u>21,566</u>														
Total:	<u>85,651</u>														

## Notes:

- Pursuant to the co-operative Joint Venture Contract entered into between Shanghai Zhong Hong (Group) Company Limited (currently changed to Shanghai Hong Fang (Group) Company Limited) (“Party A”) and Hollyfield Holdings Limited (“Party B”) dated 27 April 2001 and the approval letter No Hu Wai Zi Wei Xie (2006) 214 dated 20 January 2006, both parties agreed to establish a co-operative joint venture company. The salient conditions as stipulated in the Joint Venture Contract and the approval letter are as follows:
  - Name of joint venture company : Shanghai Rui Hong Xin Cheng Co., Ltd. (上海瑞虹新城有限公司) (the “Joint Venture”)
  - Period of operation : 70 years from the date of issuance of business licence
  - Total investment amount : RMB1,700,000,000 (currently change to RMB8,800,000,000)

- (iv) Registered capital : RMB567,000,000 (currently change to RMB6,700,000,000) (Party A : 1%, Party B : 99%)
2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.
3. Pursuant to the Business Licence with Unified Social Credit No 913100006074338228, the Joint Venture was incorporated with a registered capital of RMB5,700,000,000 (currently change to RMB6,700,000,000) for a valid period from 2 July 2001 to 1 July 2071.
4. Pursuant to the Shanghai Certificate of Real Estate Ownership No Hu Fang Di Hong Zi (2016) Di 012563 issued by the Shanghai Planning, Land and Resources Administration Bureau dated 10 August 2016, the title to Lot 3 of RHXC with a total gross floor area of 99,066.12 sq.m. is vested in the Joint Venture for two terms commencing from 13 June 2002 and expiring on 12 June 2042 for commercial use and expiring on 12 June 2052 for cultural use. Portion of the property is vested in the said certificate.
5. As per your specific terms of instruction to provide the breakdown of market value for car park portion of the property, the market value of the aforesaid car park portion as at the valuation date were approximately RMB104,100,000.
6. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the followings:
- (i) the Joint Venture has been legally established;
  - (ii) the Joint Venture is the sole owner of the land use rights and buildings of the property;
  - (iii) the property is subject to a mortgage;
  - (iv) the property can be legally occupied, used or transferred by the Joint Venture subject to relevant laws and regulations and conditions stipulated in the mortgage contract; and
  - (v) other than the mortgage as mentioned in note (6) (iii), the property is free from mortgages and other encumbrances.

## Group II - Property interest held by the Group under development

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 October 2017
4	Shanghai Rui Hong Xin Cheng (Lot 10) Hong Kou District Shanghai The PRC	Shanghai Rui Hong Xin Cheng (“RHXC”) is situated on Linping Road in Hong Kou District, Shanghai, with a total site area of approximately 409,768 sq.m.. The whole development will be constructed in phases and comprise a total gross floor area of approximately 2,121,931 sq.m. Upon completion, RHXC will comprise various high-rise residential blocks, supplemented by office blocks, commercial complexes, public amenities and other facilities including underground car park, garden, clubhouse and ground level pedestrian plaza.	RMB5,949,000,000 (RENMINBI FIVE BILLION NINE HUNDRED AND FORTY NINE MILLION ONLY)
		The property is currently under construction and scheduled to be completed in second quarter of 2021.	(99% interest attributable to the Group: RMB5,889,510,000)
	The property comprises Lot 10 of RHXC with a site area of approximately 42,613 sq.m. According to the information provided, the property is planned to be developed into a commercial development and will provide the following approximate gross floor areas:		
	<b>Use</b>	<b>Gross Floor Area</b>	
		<i>sq.m.</i>	
	Commercial	149,298	
	Commercial (Basement)	32,638	
	Office	155,804	
	Public facility	<u>977</u>	
	Total:	<u><u>338,717</u></u>	
	It will also comprise 1,482 car parking spaces.		
	The land use right term for the property is held under two terms commencing from 13 June 2002 and expiring on 12 June 2042 for commercial use and expiring on 12 June 2052 for office use.		



*Notes:*

1. Pursuant to the co-operative Joint Venture Contract entered into between Shanghai Zhong Hong (Group) Company Limited (currently changed to Shanghai Hong Fang (Group) Company Limited) (“**Party A**”) and Hollyfield Holdings Limited (“**Party B**”) dated 27 April 2001 and the approval letter No Hu Wai Zi Wei Xie (2006) 214 dated 20 January 2006, both parties agreed to establish a co-operative joint venture company. The salient conditions as stipulated in the Joint Venture Contract and the approval letter are as follows:
  - (i) Name of joint venture company : Shanghai Rui Hong Xin Cheng Co., Ltd. (上海瑞虹新城有限公司) (the “**Joint Venture**”)
  - (ii) Period of operation : 70 years from the date of issuance of business licence
  - (iii) Total investment amount : RMB1,700,000,000 (currently change to RMB8,800,000,000)
  - (iv) Registered capital : RMB567,000,000 (currently change to RMB6,700,000,000) (Party A : 1%, Party B : 99%)
2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.
3. Pursuant to the Business Licence with Unified Social Credit No 913100006074338228, the Joint Venture was incorporated with a registered capital of RMB5,700,000,000 (currently change to RMB6,700,000,000) for a valid period from 2 July 2001 to 1 July 2071.
4. Pursuant to the Shanghai Certificate of Real Estate Ownership No Hu Fang Di Hong Zi (2016) Di 015785 issued by the Shanghai Planning, Land and Administration Bureau dated 30 September 2016, the title to the land (Lot 10) with a site area of 42,613.2 sq.m. is vested in the Joint Venture for two terms commencing from 13 June 2002 and expiring on 12 June 2042 for commercial use and expiring on 12 June 2052 for office use.
5. Pursuant to the Construction Land Use Planning Permit No Hu Hong Di (2001) 026 issued by the Shanghai Hong Kou District Urban Planning Administrative Bureau dated 27 July 2001, Lot 1, 2, 3, 4, 6, 7, 8, 9 and 10 of RHXC with a total site area of 294,450 sq.m. was permitted to be developed.
6. Pursuant to the Construction Engineering Planning Permit No Hu Hong Jian (2016)FA31010920165284 issued by the Shanghai Hongkou District Planning and Land Administration Bureau dated 11 November 2016, portion of the property with a total gross floor area of 145,966.2 sq.m. (basement) was permitted to be constructed.
7. Pursuant to the Construction Works Commencement Permit No 0101HK0728D22 issued by the Shanghai Hongkou District Construction and Management Committee dated 5 December 2016, construction works of portion of the property with a total gross floor area of 145,966.2 sq.m. (basement) was permitted to be commenced.
8. As advised by the Group, the construction cost incurred and outstanding construction cost of the property as at the valuation date were approximately RMB429,500,000 and RMB4,051,800,000 respectively. Accordingly, we have taken into account the said cost in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming it were complete as at the valuation date, was estimated approximately as RMB12,890,000,000.
9. We have been provided with the Group’s PRC legal adviser’s opinion, which inter-alia, contains the followings:
  - (i) the Joint Venture has been legally established;

- (ii) the Joint Venture is the sole owner of the land use rights of the property;
- (iii) the Joint Venture has legally obtained the relevant permits for construction in current construction stage and is the sole owner of the construction work of the property;
- (iv) the land use rights of the property is subject to a mortgage;
- (v) the land use right of the property can be legally occupied, used or transferred by the Joint Venture subject to relevant laws and regulations and conditions stipulated in the mortgage contract; and
- (vi) other than the mortgage as mentioned in note (9) (iv), the property is free from mortgages and other encumbrances.

## 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 at the Latest Practicable Date (Note 4)
	Personal interests	Family interests	Other interests			
Mr. Vincent H. S. LO (“ <b>Mr. LO</b> ”)	—	1,849,521 (Note 1)	4,611,835,751 (Notes 2)	—	4,613,685,272	57.23%
Mr. Douglas H. H. SUNG	—	—	—	437,000	437,000	0.0054%
Sir John R. H. BOND	250,000	—	—	—	250,000	0.003%
Dr. William K. L. FUNG	5,511,456	—	—	—	5,511,456	0.068%
Professor Gary C. BIDDLE	305,381	—	—	—	305,381	0.0038%
Dr. Roger L. McCARTHY	200,000	—	—	—	200,000	0.002%

#### Notes:

- (1) These Shares were beneficially owned by Ms. Loletta CHU (“**Mrs. LO**”), the spouse of Mr. LO. Mr. 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 675,493,996 Shares, 1,707,888,889 Shares, 183,503,493 Shares, 29,847,937 Shares, 633,333,333 Shares, 908,448,322 Shares, 150,000,000 Shares and 323,319,781 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 (“**SOCAM**”) 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. LO was a discretionary beneficiary and HSBC International Trustee Limited (“**HSBC Trustee**”) was the trustee. Accordingly, Mr. 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 respective associate(s) for subscription of Shares under the share option scheme adopted by the Company on 8 June 2007.
- (4) These percentages have been compiled based on the total number of issued shares (i.e. 8,061,304,524 shares) of the Company at the Latest Practicable Date.

**(b) Interests in the debentures of the associated corporation of the Company**

<b>Name of Director</b>	<b>Name of Associated Corporation</b>	<b>Nature of Interests</b>	<b>Amount of Debentures</b>
Mr. LO	Shui On Development (Holding) Limited	Family interests	USD1,300,000
Sir John R. H. BOND	Shui On Development (Holding) Limited	Personal interests	USD813,000
Mr. Anthony J. L. NIGHTINGALE	Shui On Development (Holding) Limited	Personal interests	USD200,000

Save as disclosed herein, at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions 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, save as disclosed below, none of the Directors or the proposed Directors was 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:

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

### 3. EXPERT AND CONSENT

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

<b>Name</b>	<b>Qualification</b>
Knight Frank Petty Limited	Independent property valuer and chartered professional surveyors

Knight Frank Petty Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its valuation report and certificates and/or references to its name in the form and context in which they respectively appear.

### 4. EXPERT'S INTEREST

Knight Frank Petty Limited 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; and
- (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 2016, being the date to which the latest published audited accounts of the Company were made up.

### 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. MATERIAL LITIGATION

At the Latest Practicable Date, there was no litigation or claim of material importance that is known to the Directors to be pending or threatened against any member of the Group.

## 7. DIRECTORS' INTERESTS IN CONTRACT OF SIGNIFICANCE

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.

## 8. DIRECTORS' INTERESTS IN ASSETS

At the Latest Practicable Date, none of the Directors was 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 2016 (being the date to which the latest published audited financial statements of the Group were made up).

## 9. COMPETING INTERESTS OF DIRECTORS

Mr. 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 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. LO pursuant to which SOCL and Mr. 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. 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.

## 10. NO MATERIAL ADVERSE CHANGE

At the Latest Practicable Date, save as disclosed in the 2017 interim report of the Company, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2016 (being the date to which the latest published audited financial statements of the Group were made up).

## 11. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contract entered into in the ordinary course of business) within two years preceding the date of this circular:

- (a) the sale and purchase agreement entered into between certain indirect wholly-owned subsidiaries of the Company and 佛山市順德區碧桂園地產有限公司 (Foshan Shunde Country Garden Properties Company Limited\*) dated 14 April 2016, in relation to the disposal of 100% equity interests in 佛山源康房地產發展有限公司 (Fo Shan Yuan Kang Property Development Co., Ltd.\*) at the consideration of RMB1,726,457,696 (subject to adjustment, if any);
- (b) the framework agreement dated 3 May 2016 entered into between Shui On Development, 武漢瑞安天地房地產發展有限公司 (Wuhan Shui On Tiandi Property Development Co., Ltd.\*), and 中信泰富(中國)投資有限公司 (CITIC Pacific China Holdings Limited\*) relating to the disposal of certain properties in Wuhan, Hubei, the PRC, consideration and details of which were set out in the announcement of the Company dated 3 May 2016 and the circular of the Company dated 24 June 2016;
- (c) the transaction cooperation agreement (the “**Transaction Cooperation Agreement**”) dated 26 May 2017 entered into among Shui On Development, Grand Hope Limited, 萬科企業股份有限公司 (China Vanke Co., Ltd\*), and 重慶錦瀾實業有限公司 (Chongqing Jin Lan Industrial Co., Ltd.\*) in relation to the disposal of 79.2% of all equity interests in the 重慶瑞安天地房地產發展有限公司 (Chongqing Shui On Tiandi Real Estate Development Company Limited\*), representing 79.2% of the interests in the partnership portfolio (as defined under the Transaction Cooperation Agreements), for a consideration of RMB4,133,000,000, subject to adjustment at the completion of the disposal, details of which were set out in the announcement of the Company dated 26 May 2017 and the circular of the Company dated 19 June 2017;
- (d) the shareholders’ agreement (the “**Shareholders’ Agreement**”) dated 9 August 2017 entered into among 上海盛甫企業管理諮詢有限公司 (Shanghai Sheng Pu Enterprise Management Consulting Company Limited\*) (“**Sheng Pu**”), 上海國泰君安證券資產管理有限公司 (Shanghai Guotai Junan Securities Asset Management Company Limited\*) (as the manager of 國君資管2091定向資產管理計劃 (Guojun Asset Management 2091 Oriented Asset Management Plan\*)) (“**Guotai Junan**”) and Hongfang pursuant to which Sheng Pu, Guotai Junan and Hong Fang have agreed to establish a joint venture company (the “**JV Company**”) held as to 49% by Sheng Pu, 31% by Guotai Junan and 20% by Hong Fang respectively, for the acquisition of 上海百麗房地產開發有限公司 (Shanghai Bali Real Estate Development Company Limited\*) (“**Shanghai Bali**”) from the Company, and Sheng Pu shall provide the capital contribution of RMB49,000,000 and up to approximately RMB2,226,050,000 additional funds to the JV Company; upon establishment of the JV Company, Top Faith Development Limited shall dispose to and the JV Company shall acquire the entire equity interest of Shanghai Bali at a cash consideration of RMB110,000,000; pursuant to the terms of the Shareholders’ Agreement, Sheng Pu has granted to Guotai Junan the put option, a right to put its entire equity interest in the JV Company to Sheng Pu at a cash consideration of RMB31,000,000, details of which were set out in the announcement of the Company dated 9 August 2017;

- (e) the sale and purchase agreement dated 30 September 2017 entered into among Shui On Development and Wisdom Forever Limited Partnership in relation to the disposal of 49% equity interest in Bright Power Enterprises Limited and Merry Wave Limited and the assignment of the shareholder loans of approximately RMB1,620,000,000 at the consideration of approximately RMB2,949,000,000 (subject to adjustment), details of which were set out in the announcement of the Company dated 30 September 2017;
- (f) the sale and purchase agreement dated 14 November 2017 entered into among Innovate Zone Group Limited (“**Innovate Zone**”), Shui On Development, Many Gain International Limited and Yida China Holdings Limited in relation to the disposal by Innovate Zone of 61.54% of the issued share capital of Richcoast Group Limited (“**Richcoast**”), the offshore loans and the assignable onshore debts, and the non-assignable onshore debts, for the total transaction amount, being approximately RMB3,160 million, details of which were set out in the announcement of the Company dated 14 November 2017 and the circular of the Company dated 5 December 2017;
- (g) the letter of acceptance dated 14 December 2017 between 瑞安建築有限公司 (Shui On Construction Co., Ltd.\*) (“**SOCM**”), an indirect wholly-owned subsidiary of the Company, as main contractor and 江蘇九西建設發展有限公司 (Jiangsu Jiu Xi Development Co., Ltd.\*) (“**Jiangsu Jiu Xi**”), an indirect wholly-owned subsidiary of SOCAM Development Limited, as employer pursuant to which Jiangsu Jiu Xi has confirmed the engagement of SOCM as the main contractor to carry out construction works, including (among others) foundation and main structural works, electrical and mechanical works, and interior fit-out works for Site C of a property development known as “Nanjing Scenic Villa” located in Jiangning District, Nanjing, the PRC at a total contract sum of approximately RMB34.93 million, details of which were set out in the announcement of the Company dated 14 December 2017;
- (h) the sale and purchase agreement dated 20 December 2017 entered into between 建發房地產集團有限公司 (C&D Real Estate Corporation Limited\*) and 上海澤辰房地產經營有限公司 (Shanghai Ze Chen Real Estate Co., Limited\*), an indirect wholly-owned subsidiary of the Company, in relation to the acquisition of the entire equity interests in and the shareholder’s loans to 上海新灣景置業有限公司 (Shanghai Xin Wan Jing Property Limited\*) at a price of approximately RMB1,144.3 million (subject to adjustment), details of which were set out in the announcement of the Company dated 20 December 2017; and
- (i) the Agreement.



**12. GENERAL**

- (a) The registered office of the Company is at 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is at 34th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong.
- (c) The principal share registrar and transfer office of the Company is SMP Partners (Cayman) Limited, Royal Bank House - 3rd Floor, 24 Shedden Road, P.O. Box 1586, Grand Cayman, KY1-1110, Cayman Islands.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (e) The company secretary of the Company is Mr. UY Kim Lun, a qualified lawyer in Hong Kong.
- (f) This circular is in both English and Chinese. In the event of inconsistency, the English text shall prevail over the Chinese text.

**13. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents 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 the date which is 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the property valuation report issued by Knight Frank Petty Limited on the Partnership Portfolio, the text of which is set out in Appendix II to this circular;
- (c) the written consent referred to in the section headed "Expert and Consent" in this appendix;
- (d) the material contracts referred to in the section headed "Material Contracts" in this appendix;
- (e) the annual reports of the Company for the years ended 31 December 2014, 31 December 2015 and 31 December 2016;
- (f) the interim report of the Company for the six months ended 30 June 2017;
- (g) the circulars of the Company dated 19 June 2017 and 5 December 2017; and
- (h) this circular.