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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)

**(1) MAJOR TRANSACTION: DISPOSAL OF 50% EQUITY INTEREST IN
COLOUR BRIDGE HOLDINGS LIMITED REPRESENTING 49.5% OF THE
INTERESTS IN THE PARTNERSHIP PORTFOLIO; AND
(2) POSSIBLE MAJOR TRANSACTION: GRANT OF PUT OPTION**

A letter from the Board is set out on pages 5 to 14 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

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DEFINITIONS

In this circular, unless the context requires otherwise, the following terms and 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;
“Agreed Status”	the clean site status of Lots 1 and 7;
“Agreement”	the investment framework agreement (as amended or supplemented in writing from time to time, if any) dated 26 June 2018 entered into among Shui On Development, the Vendor, Joy City and the Purchaser in relation to, among other things, the disposal of the Sale Equity;
“Announcement”	the announcement of the Company dated 26 June 2018 in relation to, among other things, the Transactions;
“associate(s)”; “connected person(s)”; “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Business Day(s)”	a day on which commercial banks in Hong Kong and the PRC are open for general business (other than any Saturday and Sunday);
“BVI”	the British Virgin Islands;
“COFCO”	COFCO Corporation (中糧集團有限公司), one of the largest state-owned enterprises in the PRC;
“Colour Bridge”	Colour Bridge Holdings Limited (彩橋控股有限公司), a company incorporated in the BVI and an indirect wholly-owned subsidiary of the Company;
“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;

DEFINITIONS

“Condition(s)”	Condition(s) precedent to the Completion contained in the Agreement, details of which are set out in the paragraph headed “Conditions” in the section headed “Letter from the Board” in this circular;
“Consideration”	the total consideration payable by the Purchaser to the Vendor for the disposal of the Sale Equity, details of which are set out in the paragraph headed “Consideration” in the section headed “Letter from the Board” in this circular;
“Control”	directly or indirectly, (i) hold not less than 50% of the voting rights in the shareholder meeting; (ii) control more than 50% of the voting rights in meetings of the board of directors or the equivalent institution; and (iii) control the appointment and dismissal of the majority of the board of directors or the equivalent institution, of the relevant company;
“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 Consideration”	has the meaning as ascribed to it under the paragraph headed “Consideration” in the section headed “Letter from the Board” in this circular;
“Joy City”	Joy City Property Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 207);
“Latest Practicable Date”	13 July 2018, 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;
“Long Stop Date”	the date which falls two months after the Signing Date (i.e. 26 August 2018);

DEFINITIONS

“Material Adverse Effect”	loss of an amount exceeding 15% of the value of the Partnership Portfolio at the clean site status as agreed by the Vendor and the Purchaser, which is caused intentionally by the Vendor or a default of the Agreement on the part of the Vendor;
“Partnership Portfolio”	the portfolio of properties held by the Vendor (via the Project Company) which is 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 Colour Bridge, the Project Company and the Partnership Portfolio” in the section headed “Letter from the Board” 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 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, which was owned as to 77.6% by a wholly-owned subsidiary of the Company immediately prior to the Transactions;
“Purchaser”	Hill Bloom Limited (曉盛有限公司), the purchaser of the Sale Equity, being a company incorporated in the BVI and is indirectly held as to 50% by Joy City;
“Put Option”	has the meaning ascribed to it in the paragraph headed “Right to Transfer Equity Interests” in the section headed “Letter from the Board” in this circular;
“Remaining Portfolio”	the portfolio of properties held by 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;
“Sale Equity”	50% of the entire equity interests in Colour Bridge, representing 49.5% of the interests in the Partnership Portfolio (via the Project Company);
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	the ordinary share(s) of the Company with nominal value of USD0.0025 each;

DEFINITIONS

“Shareholder(s)”	Holder(s) of the Share(s);
“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;
“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 (including the Put Option);
“USD”	United States dollars, the lawful currency of the United States of America;
“Vendor”	Rainbow Yield Investments Limited (虹得投資有限公司), a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company; and
“%”	per cent.

* For identification purposes only

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 = RMB0.83057. 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.

LETTER FROM THE BOARD



瑞安房地產
SHUI ON LAND

Shui On Land Limited
瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 272)

Executive Directors:

Mr. Vincent H. S. LO (*Chairman*)
Mr. 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

18 July 2018

To the Shareholders

Dear Sir or Madam.

- (1) MAJOR TRANSACTION: DISPOSAL OF 50% EQUITY INTEREST IN COLOUR BRIDGE HOLDINGS LIMITED REPRESENTING 49.5% OF THE INTERESTS IN THE PARTNERSHIP PORTFOLIO; AND**
- (2) POSSIBLE MAJOR TRANSACTION: GRANT OF PUT OPTION**

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Agreement and the Transactions. On 26 June 2018, Shui On Development (a wholly-owned subsidiary of the

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LETTER FROM THE BOARD

Company), the Vendor (a wholly-owned subsidiary of the Company), Joy City and the Purchaser entered into the Agreement, pursuant to which, among other things, the Sale Equity, representing 49.5% of the interests in the Partnership Portfolio (via the Project Company) will be transferred from the Vendor to the Purchaser.

At the Latest Practicable Date, the Project Company owned the Partnership Portfolio and the Remaining Portfolio. The Parties agreed that, upon Completion, the Sale Equity would 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

The Transactions are in line with the Group's "Asset Light Strategy" with the aim to improve the Group's asset turnover, to realize value appreciation in the Group's properties, and to form strategic partnerships with long term partners such as the COFCO group, one of the largest state-owned enterprises with a well-established real estate business in the PRC, to explore future potential cooperation.

Upon Completion, the Transactions are estimated to generate a disposal gain of RMB1,689,000,000 (equivalent to approximately HK\$2,033,543,000), excluding any effect of the property revaluation over the Group's residual interests and, after deducting taxes and transaction costs, total net cash proceeds of approximately RMB4,265,000,000 (equivalent to approximately HK\$5,135,028,000).

The 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 are 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

26 June 2018

Parties

- (a) Shui On Development;
- (b) the Vendor;
- (c) Joy City; and

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- (d) the Purchaser

Assets to be disposed of

The Sale Equity

At the Latest Practicable Date, the Project Company owned the Partnership Portfolio and the Remaining Portfolio. The Parties have agreed that, upon Completion, the Sale Equity would 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 the Vendor;
- (b) 49.5% of the interests in the Partnership Portfolio (via the Project Company) will be held by the Purchaser; and
- (c) 1% of the interests in the Partnership Portfolio (via the Project Company) will be held by Hongfang.

Consideration

The Consideration for the disposal of the Sale Equity shall be an initial amount of RMB4,589,175,222 (equivalent to approximately HK\$5,525,332,000) (the “**Initial Consideration**”), representing 50% of the agreed net asset value attributable to shareholder of Colour Bridge in the amount of RMB9,178,350,445 (equivalent to approximately HK\$11,050,665,000), subject to adjustment based on the consolidated accounts of Colour Bridge as at the close of business on the Completion Date.

In calculating the agreed net asset value attributable to shareholder of Colour Bridge, the following factors have been taken into account:

- (a) the agreed total asset value of the Partnership Portfolio at the Completion Date, being the sum of (i) RMB16,366,000,000 (equivalent to approximately HK\$19,704,540,000), which was the value agreed by the Parties on an arm’s lengths basis based on the Agreed Status of the Partnership Portfolio with reference to the market price of the land in the comparable areas; and (ii) the costs (excluding the land costs) incurred for the development of the Partnership Portfolio until the Completion Date, including but not limited to the preliminary expenses, design consultant fees, public facility and ancillary fees, construction and installation costs and finance expenses incurred in the course of development, whereby the initial amount of such costs at 30 November 2017 was RMB49,438,246 (equivalent to approximately HK\$59,523,000), which was determined based on the unaudited pro forma accounts of the Partnership Portfolio at 30 November 2017 and is subject to adjustment at Completion;

LETTER FROM THE BOARD

- (b) other assets of Colour Bridge (apart from the agreed total asset value of the Partnership Portfolio) at Completion; and
- (c) liabilities of Colour Bridge at Completion.

The amount of other assets of Colour Bridge (apart from the agreed total asset value of the Partnership Portfolio) and the amount of liabilities of Colour Bridge at 5 July 2018 were RMB3,000,000 (equivalent to approximately HK\$3,612,000) and RMB7,096,000,000 (equivalent to approximately HK\$8,543,530,000) respectively.

Post-Completion Adjustment of the Consideration

For the purpose of adjustment to the Initial Consideration, the Vendor and the Purchaser shall cause their jointly designated auditor to prepare and deliver the consolidated accounts of Colour Bridge as of the Completion Date.

Within 10 Business Days upon the final agreement or confirmation on the consolidated accounts of Colour Bridge as of the Completion Date, an amount representing the adjustment of the Initial Consideration shall be paid by the Vendor or the Purchaser (as the case may be).

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

Payment Terms

The Consideration shall be paid in the following manner:

- (a) 50% of the Initial Consideration shall be paid by the Purchaser to the offshore bank account designated by the Vendor in USD (i) within 18 Business Days following the Signing Date or (ii) on or before 20 July 2018, whichever is earlier;
- (b) upon Completion, an amount equivalent to the remaining 50% of the Initial Consideration net of RMB1,000,000,000 (i.e. RMB1,294,587,611, equivalent to approximately HK\$1,558,674,000) shall be paid by the Purchaser to the offshore bank account designated by the Vendor in USD in one lump sum; and
- (c) the Purchaser shall pay the remaining RMB1,000,000,000 out of the Initial Consideration, subject to adjustment in relation to land appreciation tax in the PRC to be made in accordance with the terms of the Agreement, to the bank account designated by the Vendor in USD in one lump sum on (i) 2 January 2019 or (ii) the day on which the Project Company fulfils certain conditions in respect of Lot 7 in the Partnership Portfolio, whichever is later.

LETTER FROM THE BOARD

Conditions

Subject to the terms of the Agreement, Completion is conditional on the satisfaction or, where applicable, waiver of the following Conditions:

- (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) save for the events already being rectified, there being no event which has a Material Adverse Effect on the Partnership Portfolio; and
- (3) the warranties provided by the Vendor remaining true and accurate in all material aspects at Completion.

In the event that the Conditions above cannot be fulfilled or waived on or before 24:00 on the Long Stop Date, any Party shall be entitled to terminate the Agreement.

Completion

Completion shall take place on (i) the eighteenth Business Day after satisfaction of all of the Conditions or (ii) on 20 July 2018, whichever is earlier, and in accordance with the terms and conditions of the Agreement.

Guarantee

Shui On Development has agreed to provide guarantee in favour of Joy City and the Purchaser with respect to all the obligations of the Vendor under the Agreement and other relevant agreements.

Joy City has agreed to provide guarantee in favour of Shui On Development and the Vendor with respect to all the obligations of the Purchaser under the Agreement and other relevant agreements.

Notwithstanding the above, the Parties have further agreed that each of the abovementioned guarantees provided by Joy City and Shui On Development respectively is subject to an upper limit of up to RMB3,000,000,000 for the period before 1 January 2020.

Starting from 1 January 2020, such upper limit of RMB3,000,000,000 applicable to Joy City shall be subject to amicable and good faith negotiation and consultation among the Parties, upon which the Parties shall, on or before 10 January 2020, enter into a written agreement by which such upper limit applicable to Joy City shall be removed in full with effect from the date of such agreement. The upper limit applicable to Shui On Development shall be automatically removed upon the removal of the upper limit applicable to Joy City.

Restrictions on Transfer of Shares and Change of Control

During the period between the Signing Date and the Completion Date, Shui On Development and Joy City shall ensure, respectively, that the shareholding structures of the Vendor and the Purchaser remain unchanged, save as otherwise provided in the Agreement.

LETTER FROM THE BOARD

The Parties have agreed that, at any time commencing from the Completion Date, save as agreed and approved by the Parties unanimously or otherwise provided in the Agreement:

- (a) the ratio of the shares held by the Vendor and the Purchaser in Colour Bridge shall remain unchanged;
- (b) none of the Parties shall dispose of, directly or indirectly, the shares held by each of them in Colour Bridge;
- (c) Shui On Development and Joy City, respectively, shall, remain directly or indirectly, (i) holding not less than 50% of the voting rights in the shareholder meeting; (ii) controlling more than 50% of the voting rights in meetings of the board of directors or the equivalent institution; and (iii) controlling the appointment and dismissal of the majority of the board of directors or the equivalent institution, of the Vendor or the Purchaser (as the case may be);

Pursuant to the Agreement, each of the Vendor or the Purchaser may transfer the shares it holds in Colour Bridge to its Affiliate(s) in its entirety by giving prior written notice to the non-transferring Party, provided that such shares are transferred in the manner stipulated under the terms of the Agreement.

Right to Transfer Equity Interests

Provided that the obligations of Joy City and the Purchaser under the Agreement have been duly fulfilled, the Purchaser may serve a written notice on the Vendor, requesting that all (but not part) of its shares in and shareholder loans provided to Colour Bridge be transferred to the Vendor (the “**Put Option**”), upon the satisfaction of all of the following criteria, at a consideration to be determined with reference to the then net asset value attributable to shareholders of Colour Bridge (the net asset value attributable to shareholder of Colour Bridge at 31 December 2017 was approximately RMB3,517,000,000 (equivalent to approximately HK\$4,234,441,000)) in accordance with the terms of the Agreement:

- (a) 99% or more of the saleable gross floor area of the residential and commercial properties of the Partnership Portfolio having been sold; and
- (b) 90% of the total saleable car parking lots of the Partnership Portfolio having been sold.

Upon receiving the written notice, the Vendor shall agree to acquire all of the equity interest held by the Purchaser in Colour Bridge. Each of the Vendor and the Purchaser shall use its reasonable commercial endeavours to complete the transfer of such equity interest within 60 days following the day on which the consideration for the relevant equity interest is determined.

It is expected that the construction of the Partnership Portfolio will be completed in 2021. The Company will commence to sell the properties upon obtaining the pre-sale permits, subject to the market conditions and regulation approvals.

LETTER FROM THE BOARD

INFORMATION OF COLOUR BRIDGE, THE PROJECT COMPANY AND THE PARTNERSHIP PORTFOLIO

Colour Bridge is incorporated in the BVI and its principal business activity is investing and holding real estate projects.

The unaudited consolidated net asset value attributable to shareholder of Colour Bridge at 31 December 2017 was approximately RMB3,517,000,000 (equivalent to approximately HK\$4,234,441,000). For each of the years ended 31 December 2017 and 31 December 2016 respectively, Colour Bridge did not record any unaudited consolidated profits (both before and after taxation).

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 the land use right of two land parcels, namely Lots 1 and 7, of the Rui Hong Xin Cheng Project, with a site area of 72,856.7 square meters, which are located at Plots 129 and 130, Jiaxing Road and Xingang Road Sub-districts, Hongkou District, Shanghai City. The Company has engaged Knight Frank Petty Limited as a professional property valuer to conduct valuation on Lots 1 and 7 of the Rui Hong Xin Cheng Project. The valuation of the above two lots at 31 May 2018 is RMB16,359,000,000 (equivalent to approximately HK\$19,696,112,000), which was arrived at by adopting market approach. For details, please refer to Appendix II to this circular.

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 a company incorporated in the BVI and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investing and holding real estate projects.

INFORMATION OF JOY CITY AND THE PURCHASER

Joy City is a property development and operating company under the COFCO group. The COFCO group is one of the largest state-owned enterprises in the PRC. Its principal business activities include grain, oil, food, finance and real estate. As of the end of year 2017, the total asset of COFCO group reached approximately RMB544,400,000,000. Joy City and its subsidiaries are principally engaged in development, operation, sales, leasing and management of mixed-use complexes and commercial properties in the PRC. It develops, holds and operates various property projects in several cities, including Beijing, Shanghai, Tianjin, Sanya, Chengdu and Hong Kong. The

LETTER FROM THE BOARD

Purchaser is an investment holding company of which the equity interests are indirectly held as to 50% by Joy City. Joy City shall provide guarantee with respect to all the obligations of the Purchaser in connection with the Transactions contemplated under the Agreement, according to the terms of the Agreement as disclosed above.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Joy City and the Purchaser and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

FINANCIAL EFFECTS AND USE OF PROCEEDS FROM THE TRANSACTIONS

Following the Completion, the financial statements of Colour Bridge and the Partnership Portfolio will cease to be consolidated in those of the Group. For the avoidance of doubt, the accounting status of the Remaining Portfolio in the consolidated financial statements of the Group will remain unchanged.

Taking into account (i) the Initial Consideration of RMB4,589,175,222 (equivalent to approximately HK\$5,525,332,000), which is subject to adjustment at Completion, and (ii) the unaudited net asset value of the pro forma consolidated accounts of Colour Bridge at the Agreed Status, the Group anticipates that the disposal of the Sale Equity will realise a disposal gain of approximately RMB1,689,000,000 (equivalent to approximately HK\$2,033,543,000), excluding any effect of the property revaluation over the Group's residual interests.

After deducting taxes and transaction costs, the total net cash proceeds from the disposal of the Sale Equity will be approximately RMB4,265,000,000 (equivalent to approximately HK\$5,135,028,000).

The excess of the Initial Consideration over 50% of the unaudited consolidated net asset value attributable to shareholder of Colour Bridge at 31 December 2017 was approximately RMB2,830,000,000 (equivalent to approximately HK\$3,407,299,000). Following the disposal of the Sale Equity, the net assets of the Group will increase due to a decrease in the total liabilities of the Group. The profit of the Group will increase due to the gain from the disposal of the Sale Equity.

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 consolidated statement of financial position of Colour Bridge on the Completion Date.

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.

Upon Completion, the Company will hold 50% equity interest in Colour Bridge. As elaborated in paragraph headed "Restrictions on Transfer of Shares and Change of Control" in the section headed "Letter from the Board" in this circular, the ratio of the shares held by the Vendor and the Purchaser in Colour Bridge shall remain unchanged at any time commencing from the Completion Date. In addition, the Company has no intention to sell any of the remaining shares in Colour Bridge at the current stage.

LETTER FROM THE BOARD

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is accelerating its overall asset turnover and will continue to realise the value of existing assets. Increasing asset turnover will allow the Group to implement its strategic monetization plan for its 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 six months of 2018, the Company's accumulated contracted property sales and other assets disposal amounted to RMB13,728,000,000.

In April 2018, the last batch of Shanghai Taipingqiao Lakeville Luxe was successfully launched for sale with good sales result. Foshan Lingnan Tiandi Lots 2 and 3 were launched for sale in phases since January 2018 which have been well accepted by the market. The remaining suits of Rui Hong Xin Cheng Phase 7 are scheduled to be launched for sale at later stage. The Group will continue to launch new phases of residential properties in other projects in mainland China.

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 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.

The Put Option is exercisable at the discretion of the Purchaser upon satisfaction of certain sales target criteria, with the exercise price for the Put Option to be determined with reference to the then net asset value attributable to shareholders of Colour Bridge in accordance with the terms of the Agreement. As the monetary value of the exercise price is not known at the time of granting the Put Option, the grant of the Put Option is being classified as at least a major transaction for the Company pursuant to Rule 14.76(1) of the Listing Rules. The grant of the Put Option is 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.

LETTER FROM THE BOARD

Shui On Properties Limited, Shui On Investment Company Limited, Chester International Cayman Limited, Lanvic Limited, Boswell Limited, Merchant Treasure Limited, Doreturn Limited and Smart Will Investments Limited, which are controlled by Shui On Company Limited and which together constitute a closely allied group of Shareholders, holds 675,493,996 Shares, 1,477,888,889 Shares, 183,503,493 Shares, 633,333,333 Shares, 908,448,322 Shares, 150,000,000 Shares, 323,319,781 Shares and 230,000,000 Shares, respectively, and together represent approximately 56.83% 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, Doreturn Limited and Smart Will Investments 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.

Shareholders and potential investors of the Company should note that the Agreement and the Transactions are subject to a number of Conditions which may or may not be fulfilled. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

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 audited consolidated financial information of the Group (i) for the year ended 31 December 2017; (ii) for the year ended 31 December 2016; and (iii) for the year ended 31 December 2015, all of which have been published on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.shuionland.com):

- (a) the annual report of the Company for the year ended 31 December 2017 published on 16 April 2018 (pages 121 to 227):
<http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0416/LTN20180416320.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>

2. STATEMENT OF INDEBTEDNESS

Borrowings

At the close of business on 31 May 2018, being the latest practicable date for the purpose of determining the indebtedness of the Group prior to the printing of this circular, the Group had total borrowings amounting to approximately RMB38,147,000,000, details of which are as follows:

- (i) senior notes of the Group with the aggregate carrying amount of RMB7,031,000,000 (the aggregate principal amount of approximately RMB7,011,000,000) which were unsecured and guaranteed;
- (ii) bank borrowings of the Group with the aggregate carrying amount of approximately RMB29,088,000,000 (the aggregate principal amount of approximately RMB29,236,000,000), of which RMB12,718,000,000 (the corresponding principal amount of approximately RMB12,847,000,000,) were unsecured, and RMB16,370,000,000 (the corresponding principal amount of approximately RMB16,389,000,000) were secured by certain assets of the Group. Amongst these bank borrowings, borrowings with the aggregate carrying amount of RMB16,109,000,000 (the corresponding aggregate principal amount of RMB16,249,000,000) were guaranteed, and the remaining borrowings with the aggregate carrying amount of RMB12,979,000,000 (the corresponding aggregate principal amount of RMB12,987,000,000) were unguaranteed;
- (iii) amounts due to non-controlling shareholders of subsidiaries of the Group with the carrying amount of RMB9,000,000 which were unsecured and not guaranteed;
- (iv) amounts due to related companies of the Group with the aggregate carrying amount of RMB344,000,000 which were unsecured and not guaranteed; and

- (v) loans from a non-controlling shareholder of subsidiaries of the Group with the carrying amount of RMB1,675,000,000 which were unsecured and not guaranteed.

Charge

At 31 May 2018, 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 and equity interests in certain subsidiaries.

Contingent liabilities

In addition, at 31 May 2018, 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 RMB324,000,000 will be granted by the Group to support bank borrowings to be 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 May 2018, such arrangement has not taken place;
- (ii) The Group issued financial guarantees to an independent third party in respect of outstanding amounts due from subsidiaries of a former associate. The maximum amount that might be paid by the Group if the guarantee was called upon is RMB211,000,000.
- (iii) The Group provided guarantees of RMB 1,757,000,000 at 31 May 2018 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 receipt of the building ownership certificates of the respective properties by the banks from the customers as a pledge to secure the mortgage loans granted.

Liabilities arising from rental guarantee arrangement

The Group disposed of a number of properties to an independent third party (the “**purchaser**”) in previous years. As part of the disposal, the Group also agreed to provide the purchaser with rental guarantees whereby the Group agreed to compensate the purchaser 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 May 2018, the fair value of financial liabilities arising from the rental guarantee arrangement amounted to RMB559,000,000. In respect of the guarantee period from 31 May 2018 and beyond, the aggregate maximum amount the Group could be required to settle as if there would be no operating income to be generated by the disposed properties was RMB852,000,000.

Save as aforementioned and apart from intra-group liabilities within the Group and normal trade business, at the close of business on 31 May 2018, the Group did not have any other borrowings, loan capital or debt securities issued and outstanding or agreed to be issued or authorised or otherwise created but unissued, 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, the working capital available to the Group is sufficient for the Group's requirements for at least 12 months from the date of publication of the 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 May 2018.



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

18 July 2018

Dear Sirs

Lots 1 and 7 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 May 2018.

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."

Market value is also the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable 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 value available only to a specific owner or purchaser. Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

In preparing our valuation report, we have complied with “The HKIS Valuation Standards 2017” 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.

Valuation Methodology

The valuations have been arrived by adopting Market Approach with reference to sales evidence of comparable properties with adjustments made to account for any difference. We have assumed that the properties 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 properties.

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 advisers, Jin Mao PRC Lawyers, regarding the title and other legal matters relating to the properties.

No allowance has been made in our valuations 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, particulars of occupancy, 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. The inspection was carried out by our Executive Director, Clement Leung in June 2018. 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.

Identity of Property to be valued

We exercised reasonable care and skill (but will not have an absolute obligation to the Group) to ensure that the properties, identified by the property addresses in the instructions, is the properties inspected by us and contained within our valuation reports.

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 valuations are prepared on the assumption that the properties are unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuations will be qualified.

Compliance with Relevant Ordinances and Regulations

We have assumed that the properties have been constructed, occupied and used in full compliance with, and without contravention of any ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the properties upon which this report are based, any and all required licences, permits, certificates, consents, approvals and authorisation have been obtained, except only where otherwise stated.

Remarks

In our valuations, Knight Frank has prepared the valuations 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 values of the properties.

Currency

All money amounts stated are in Renminbi.

Our summary of values and valuation reports are attached.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited
Clement Leung
MSC(FIN) MCIREA MRICS MHKIS RPS(GP)
RICS Registered Valuer
Executive Director, Head of China Valuation & Advisory

Note: Clement Leung is a qualified valuer who has 25 years of experiences in property valuation and consultancy services in the PRC and Hong Kong.

SUMMARY OF VALUES

Property	Market value in existing state as at 31 May 2018 <i>RMB</i>	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 May 2018 <i>RMB</i>
Property interests held by the Group under development			
1 Lot 1 of Shanghai Rui Hong Xin Cheng located at 1/2 Qiu, Xin Gang Road Jie Dao 129 Jie Feng, Hong Kou District Shanghai The PRC	6,392,000,000	99%	6,328,080,000
2 Lot 7 of Shanghai Rui Hong Xin Cheng located at 2 Qiu, Jia Xing Road Jie Dao 130 Jie Fang, Hong Kou District Shanghai The PRC	9,967,000,000	99%	9,867,330,000
Grand Total:	<u>16,359,000,000</u>		<u>16,195,410,000</u>

VALUATION REPORT

Property interests held by the Group under development

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018								
1 Lot 1 of Shanghai Rui Hong Xin Cheng located at 1/2 Qiu, Xin Gang Road Jie Dao 129 Jie Feng 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 is situated at Xin Gang Road in Hong Kou District, Shanghai. Developments in the vicinity are dominated by residential developments. It takes about a 10-minute walk to Linping Road Metro Station or Siping Road Metro Station.</p> <p>The property comprises Lot 1 of RHXC. The total site area of the property is approximately 30,299.70 sq m. According to the information provided, the property is planned to be developed into a massive residential development and will provide the following approximate gross floor areas:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>106,560</td> </tr> <tr> <td>Commercial</td> <td><u>3,469</u></td> </tr> <tr> <td>Total:</td> <td><u>110,029</u></td> </tr> </tbody> </table> <p>It will also comprise 993 car parking spaces.</p> <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 (sq m)	Residential	106,560	Commercial	<u>3,469</u>	Total:	<u>110,029</u>	<p>The property is currently occupied by dilapidated or rundown buildings due to be demolished.</p> <p>As advised, construction work of the property is scheduled to be commenced in about August 2018 and completed in about August 2020.</p>	<p>RMB6,392,000,000 (RENMINBI SIX BILLION THREE HUNDRED AND NINETY TWO MILLION ONLY)</p> <p>(99% interest attributable to the Group: RMB6,328,080,000)</p>
Use	Gross Floor Area (sq m)										
Residential	106,560										
Commercial	<u>3,469</u>										
Total:	<u>110,029</u>										

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 Contract for Grant of State-owned Land Use Right No Hu Fang Di (1996) Chu Rang He Tong Wai Zi Di 7 entered into between the Shanghai Real Estate and Land Resources Administration Bureau and Selfers Limited and Shanghai Zhong Hong (Group) Company Limited (together referred to as “Party C”) on 8 April 1996, Party C was granted with a land use right of a land with a site area of 340,418 sq m. The Contract for Grant of State-owned Land Use Right contains, inter alia, the following salient conditions:
 - (i) Use : Residential
 - (ii) Land use term : 70 years
 - (iii) Permitted total gross floor area : 1,200,000 sq m
 - (iv) Green area ratio : 30%
 - (v) Land grant fee : RMB21,236,662
5. Pursuant to the supplementary contract Hu Fang Di (1999) Chu Rang He Tong Bu Zi No 15 entered into between the Shanghai Real Estate and Land Resources Administration Bureau and Shanghai Ruichen Properties Co., Limited (a joint venture formed between Selfers Limited and Shanghai Zhong Hong (Group) Company Limited), dated 12 March 1999, the land grant fee as stated in the Contract for Grant of State-owned Land Use Right No Hu Fang Di (1999) Chu Rang He Tong Wai Zi Di 7 was changed from RMB21,236,662 to RMB1,998,254.
6. Pursuant to the supplementary contract Hu Fang Di (2002) Chu Rang He Tong (Hong) Bu Zi No 7 entered into between the Shanghai Hong Kou District Real Estate and Land Resources Administration Bureau and the Joint Venture dated 13 June 2002, the purchaser in the contract stated in the Contract for Grant of State-owned Land Use Right No Hu Fang Di (1996) Chu Rang He Tong Wai Zi Di 7 was changed to the Joint Venture, and the site area was changed from 340,418 sq m to 271,924 sq m.
7. Pursuant to the Realty Title Certificate No Hu (2018) Hong Zi Bu Dong Chan Di 002720 issued by the Shanghai Realty Registration Bureau dated 15 March 2018, the title to the property with a site area of approximately 30,299.70 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.
8. 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.

9. Pursuant to the Construction Land Use Planning Permit No Hu Hong Di (2018) EA31010920185712 issued by the Shanghai Hong Kou District Planning and Land Administrative Bureau dated 20 April 2018, extended portion of Lot 1 and 7 of RHXC with a total site area of 23,282.70 sq m was permitted to be developed.

10. As advised by the Company, the construction cost incurred and outstanding construction cost of the property were approximately RMB44,700,000 and RMB1,902,300,000 respectively as at the date of 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 RMB10,808,000,000.

11. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:
 - (i) the Joint Venture has been legally established;

 - (ii) the Joint Venture is the sole owner of the of the property;

 - (iii) the Joint Venture has obtained the Construction Land Use Planning Permits of the property;

 - (iv) 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

 - (v) the property is free from mortgages and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018										
2 Lot 7 of Shanghai Rui Hong Xin Cheng located at 2 Qiu, Jia Xing Road Jie Dao 130 Jie Fang 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 sqm. 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 is situated at Jia Xing Road in Hong Kou District, Shanghai. Developments in the vicinity are dominated by residential developments. It takes about a 10-minute walk to Linping Road Metro Station or Siping Road Metro Station.</p> <p>The property comprises Lot 7 of RHXC. The total site area of the property is approximately 42,557 sq m. According to the information provided, the property is planned to be developed into a massive residential development and will provide the following approximate gross floor areas:</p>	<p>The property is currently occupied by dilapidated or rundown buildings due to be demolished.</p> <p>As advised, construction work of the property is scheduled to be commenced in about June 2019 and completed in about October 2021.</p>	<p>RMB9,967,000,000 (RENMINBI NINE BILLION NINE HUNDRED AND SIXTY SEVEN MILLION ONLY)</p> <p>(99% interest attributable to the Group: RMB9,867,330,000)</p>										
	<table border="1"> <thead> <tr> <th data-bbox="475 1215 512 1236">Use</th> <th data-bbox="778 1215 954 1236">Gross Floor Area</th> </tr> </thead> <tbody> <tr> <td></td> <td data-bbox="890 1268 954 1289"><i>(sq m)</i></td> </tr> <tr> <td data-bbox="475 1310 587 1332">Residential</td> <td data-bbox="874 1310 954 1332">158,438</td> </tr> <tr> <td data-bbox="475 1353 576 1374">Clubhouse</td> <td data-bbox="895 1353 954 1374"><u>3,454</u></td> </tr> <tr> <td data-bbox="475 1395 533 1417">Total:</td> <td data-bbox="874 1395 954 1417"><u>161,892</u></td> </tr> </tbody> </table>	Use	Gross Floor Area		<i>(sq m)</i>	Residential	158,438	Clubhouse	<u>3,454</u>	Total:	<u>161,892</u>		
Use	Gross Floor Area												
	<i>(sq m)</i>												
Residential	158,438												
Clubhouse	<u>3,454</u>												
Total:	<u>161,892</u>												
	It will also comprise 1,514 car parking spaces.												
	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.												

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 Contract for Grant of State-owned Land Use Right No Hu Fang Di (1996) Chu Rang He Tong Wai Zi Di 7 entered into between the Shanghai Real Estate and Land Resources Administration Bureau and Selfers Limited and Shanghai Zhong Hong (Group) Company Limited (together referred to as “Party C”) on 8 April 1996, Party C was granted with a land use right of a land with a site area of 340,418 sq m. The Contract for Grant of State-owned Land Use Right contains, inter alia, the following salient conditions:
 - (i) Use : Residential
 - (ii) Land use term : 70 years
 - (iii) Permitted total gross floor area : 1,200,000 sq m
 - (iv) Green area ratio : 30%
 - (v) Land grant fee : RMB21,236,662
5. Pursuant to the supplementary contract Hu Fang Di (1999) Chu Rang He Tong Bu Zi No 15 entered into between the Shanghai Real Estate and Land Resources Administration Bureau and Shanghai Ruichen Properties Co., Limited (a joint venture formed between Selfers Limited and Shanghai Zhong Hong (Group) Company Limited), dated 12 March 1999, the land grant fee as stated in the Contract for Grant of State-owned Land Use Right No Hu Fang Di (1999) Chu Rang He Tong Wai Zi Di 7 was changed from RMB21,236,662 to RMB1,998,254.
6. Pursuant to the supplementary contract Hu Fang Di (2002) Chu Rang He Tong (Hong) Bu Zi No 7 entered into between the Shanghai Hong Kou District Real Estate and Land Resources Administration Bureau and the Joint Venture dated 13 June 2002, the purchaser in the contract stated in the Contract for Grant of State-owned Land Use Right No Hu Fang Di (1996) Chu Rang He Tong Wai Zi Di 7 was changed to the Joint Venture, and the site area was changed from 340,418 sq m to 271,924 sq m.
7. Pursuant to the Shanghai Real Estate Ownership Certificate No Hu Fang Di Hong Zi (2002) Di 011962 issued by the Shanghai Real Estate and Land Resources Administration Bureau dated 28 June 2002, the title to portion of the property with a site area of approximately 34,369 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.

8. 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.
9. Pursuant to the Construction Land Use Planning Permit No Hu Hong Di (2018) EA31010920185712 issued by the Shanghai Hong Kou District Planning and Land Administrative Bureau dated 20 April 2018, extended portion of Lot 1 and 7 of RHXC with a total site area of 23,282.70 sq m was permitted to be developed.
10. In our opinion, the gross development value of the proposed developments of the property, assuming a total construction cost (including professional fee) of approximately RMB2,809,700,000 and it were complete as at the valuation date, was estimated approximately as RMB17,394,000,000.
11. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:
 - (i) the Joint Venture has been legally established;
 - (ii) the Joint Venture is the sole owner of the of the property;
 - (iii) the Joint Venture has obtained the Construction Land Use Planning Permits of the property;
 - (iv) 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
 - (v) 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 (“ Mr. LO ”)	—	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	0.06%
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, 1,477,888,889 Shares, 183,503,493 Shares, 29,847,937 Shares, 633,333,333 Shares, 908,448,322 Shares, 150,000,000 Shares, 323,319,781 Shares and 230,000,000 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”), Doreturn Limited (“Doreturn”) and Smart Will Investments Limited (“Smart Will”) respectively whereas SOP, Chester International, Lanvic, Boswell, Merchant Treasure, Doreturn and Smart Will 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. 8,062,216,324 Shares) of the Company at the Latest Practicable Date.

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

Name of Director	Name of Associated Corporation	Nature of Interests	Amount of Debentures
Mr. LO	Shui On Development (Holding) Limited	Trust interests	RMB50,000,000
		Family interests	RMB35,500,000
		Family interests	USD2,000,000

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:

Name of Directors	Name of companies which had such discloseable interest or short position	Position within such companies
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:

Name	Qualification
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 2017, 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 2017 (being the date up to which the latest published audited financial statements of the Group were made).

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 interests 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, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2017 (being the date up to which the latest published audited financial statements of the Group were made).

11. MATERIAL CONTRACTS

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

- (a) 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 Agreement), 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;
- (b) 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 Hongfang 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 Hongfang respectively, for the acquisition of 上海百麗房地產開發有限公司 (Shanghai Baili Real Estate Development Company Limited*) (“**Shanghai Baili**”) from the Company, and Sheng Pu shall provide capital contribution of RMB49,000,000 and additional funds of an amount up to approximately RMB2,226,050,000 to the JV Company; upon establishment of the JV Company, Top Faith Development Limited shall dispose of and the JV Company shall acquire the entire equity interest of Shanghai Baili at a cash consideration of RMB110,000,000; pursuant to the terms of the Shareholders’ Agreement, Sheng Pu has granted to Guotai Junan a put option, a right of Guotai Junan to sell 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;
- (c) 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;
- (d) 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 RMB3,160,000,000, 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;

- (e) 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, 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 RMB34,930,000, details of which were set out in the announcement of the Company dated 14 December 2017;
- (f) the investment framework agreement (the “**Investment Framework Agreement**”) dated 19 December 2017 entered into among Shui On Development, Hollyfield Holdings Limited (“**Hollyfield**”), 上海丸晟實業合夥企業(有限合夥) (“**China Life Fund**”) and the Project Company in relation to, among other things, the disposal of 21.4% of the entire equity interests in the Project Company representing 49.5% of the interests in the partnership portfolio (as defined under the Investment Framework Agreement) at an initial consideration amount of RMB3,869,000,000 (subject to adjustment), details of which were set out in the announcement of the Company dated 19 December 2017 and the circular of the Company dated 29 December 2017;
- (g) 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 RMB1,144,300,000 (subject to adjustment), details of which were set out in the announcement of the Company dated 20 December 2017;
- (h) the joint venture agreement (the “**Joint Venture Agreement**”) dated 6 March 2018 entered into between Shanghai Panrui Investment Management Co., Ltd.* (上海磐銳投資管理有限公司) (“**Shanghai Panrui**”) and Founder Securities Co., Ltd* (方正證券股份有限公司) (the “**JV Partner**”) in relation to the establishment of Shanghai Panxing Management and Consultancy Co., Ltd.* (上海磐興管理諮詢有限公司) (“**Shanghai Panxing**”) held as to 49% by Shanghai Panrui and 51% by the JV Partner, and the initial capital contribution of RMB2,401,000 will be satisfied by Shanghai Panrui; pursuant to the terms of the Joint Venture Agreement, the JV Partner has granted to Shanghai Panrui an option, pursuant to which Shanghai Panrui may at its discretion to oblige the JV Partner to sell its entire equity interest in Shanghai Panxing to Shanghai Panrui or its designated associate(s), details of which were set out in the announcement of the Company dated 6 March 2018; 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 each of the years ended 31 December 2015, 31 December 2016 and 31 December 2017; and
- (f) this circular.