



Press Release

Shui On Land Monetises 49% Interest in Shanghai KIC as part of its Asset Light Strategy

(30 September, 2017, Shanghai) Shui On Land Limited (“Shui On Land” or the “Company”, Stock Code: 272) announced today that its wholly-owned subsidiary Shui On Development (Holding) Limited, had entered into a Sale and Purchase Agreement with Wisdom Forever Limited Partnership (“Purchaser”) to dispose of and monetise 49% equity interest in Merry Wave Limited and Bright Power Enterprises Limited (“Target Companies”), which indirectly own 99% of the Shanghai Knowledge and Innovation Community Development Company Limited (“KIC Project Company”) and 86.8% of the Shanghai Yang Pu Centre Development Company Limited (“YPU Project Company”) in Shanghai respectively, for a consideration of approximately RMB2,949 million. The Company will retain 51% interest in the Target Companies.

The Purchaser is a limited partnership formed by a prestigious international financial institution, whose shares are listed on multiple stock exchanges with businesses covering insurance, annuities, asset management, alternative investment and overseas business, and also with investments in banks, security firms and other non-financial institutions.

The KIC Project Company and the YPU Project Company’s properties consist of office, retail, hotel, car parking spaces and clubhouse in the Shanghai Knowledge and Innovation Community (“KIC”) respectively. KIC is the flagship of the Company’s Knowledge Community product line. Located in the Yangpu District neighbouring major universities and colleges, it aims to create an environment that fosters technological innovation and entrepreneurship, and to provide a knowledge based “Work-Live-Learn-Play” community. Placing strong emphasis on education, technology, culture, research and business incubation, KIC is a multi-function community where people live, study, work and relax.

The Target Companies will continue to be subsidiaries of the Company and, as such, there will be no profit and loss effect resulting from the deal.

After deducting taxes and transaction costs, the total net proceeds from the disposal will be approximately RMB2,751 million, which is expected to reduce the Company’s net gearing by about 5.7%. The Company believes that the disposal allows Shui On Land to unlock the value of some of its mature investment properties and improve its overall asset turnover rate, and to recycle its capital into other higher return opportunities.

The Company intends to maintain its majority stake in the Properties over the long term. After the transaction, its subsidiary China Xintiandi will maintain the asset management right in the Properties, and will benefit from the future growth of the project, expands the Knowledge and Innovation Community brand and earns recurring management fees after the disposal.

The partnership with the Purchaser creates strategic, complementary advantage for the development of the Properties, as well as enhances the long-term value of the Company's properties and future development of the Company's Knowledge Community development model. The formation of the joint ventures with a long-term investor is in line with the Company's "Asset Light Strategy" to leverage our commercial brands and asset management expertise in order to grow our portfolio and our 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. We aim to maintain operational and management control at the project levels.

Note: Please make reference to the related Announcement for the details of this transaction.

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About Shui On Land

Headquartered in Shanghai, Shui On Land (Stock Code: 272) is the flagship property development company of the Shui On Group in the Chinese Mainland with a proven track record in developing mixed-use, sustainable development communities. As of 30 June 2017, the Company has nine projects in various stages of development in prime locations of major cities, with a landbank of 11.7 million sq.m. (9.8 million sq.m. of leasable and saleable GFA, and 1.9 million sq.m. of clubhouses, car parking spaces and other facilities). The Company was listed on the Hong Kong Stock Exchange on October 4, 2006, the largest Chinese real estate enterprise listed that year. Shui On Land was included in the Hang Seng Composite Index, HSCI Composite Industry Index - Properties & Construction, Hang Seng Composite LargeCap & MidCap Index and Hang Seng Stock Connect Hong Kong Index.

For further information please visit website www.shuionland.com

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