



Press Release

Shui On Land Sets up Strategic Partnership to Own RHXC Commercial Properties

[19 December 2017, Shanghai] – Shui On Land Limited (“Shui On Land” or the “Company”, Stock Code: 272) announced today that its wholly-owned subsidiaries, Shui On Development and Hollyfield Holdings Limited, have entered into an agreement with China Life Fund (“China Life”), a wholly-owned company of the China Life Group, to sell 49.5% effective interest in a portfolio of commercial properties in the Rui Hong Xin Cheng Project (“RHXC” or the Project), for a total consideration of RMB3,869 million (equivalent to approximately HK\$4,576 million).

The transaction is the latest milestone in the strategic partnership between Shui On Land and China Life Group. On September 30, 2017, a subsidiary of China Life Group signed an Agreement to acquire 49% of the Company’s interests in the KIC Project for a total consideration of RMB2,949 million (equivalent to approximately HK\$3,471 million). In addition to these 2 transactions, the two Groups also entered into a Letter of Intent on December 19, 2017 to strategically cooperate and jointly invest in the real estate projects in China.

Pursuant to the agreement, China Life will acquire 21.4% equity interests of the Shanghai Rui Hong Xin Cheng Co., Ltd (the Project Company), which owns the Partnership Portfolio and the Remaining Portfolio, representing 49.5% effective interest of the Partnership Portfolio (the Portfolio). Upon completion, China Life and the Company will each own 49.5% interest of the Portfolio, with Shanghai Hongfang (Group) Company Limited holding 1%.

The Partnership Portfolio includes a portfolio of completed properties 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 (GFA) of 110,795 square metres (sq.m.), and an under-development site namely Lot 10 (Hall of the Sun), with an aboveground GFA of 282,665 sq.m., as well as 562 ancillary car parking lots.

The transaction price represents a premium of approximately 28% over the carrying value shown in the unaudited estimated accounts of the Partnership Portfolio, as at 31 December 2017. The transaction price already took reference from the valuation provided by an external independent professional valuer.

The Company expects the transaction to provide a gain of approximately RMB1,196 million (equivalent to approximately HK\$1,414 million), including that from the disposal and the fair value gain from the Company’s remaining interests in the Partnership Portfolio.

The transaction is also expected to bring in total net proceeds of approximately RMB3,614

million (equivalent to approximately HK\$4,274 million), after deducting taxes and transaction costs. The Company intends to use the proceeds to repay debts with near term maturity and as general working capital.

Since adopting the Asset Light Strategy in 2015, the Company continues to optimise the value of some of its mature investment properties and to unlock tied up capital for new opportunities. The Strategy enables the Company to expand and churn its property portfolio, as well as its recurring income base. Through different partnerships with financial institutions, land owners and other investors, and leveraging its core strengths, namely commercial brands and asset management expertise, among others, the Company is able to diversify its funding sources and reduce capex exposure, thus providing a higher return on equity to shareholders.

Note: The Company announced the signing of the strategic partnership with China Life Capital today, the press release can be found at company website www.shuionland.com

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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.

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