
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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 TRANSACTION

A letter from the Board is set out on pages 4 to 8 of this circular.

* For identification purpose only

Hong Kong, 26 July 2018

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	9
APPENDIX II — GENERAL INFORMATION	12

DEFINITIONS

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

“Agreement”	the joint venture agreement (合資經營合同) dated 5 July 2018 entered into between CPIC Life, SODH and SHYY in relation to the formation and the management of the JV;
“associate(s)”, “connected person(s)”, “subsidiary(ies)”, “percentage ratio(s)”	each has the meaning ascribed to it under the Listing Rules;
“Bidding”	the bidding process held by Shanghai Land Exchange Centre at which the Land was offered for sale;
“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);
“CPIC Life”	China Pacific Life Insurance Company Limited, a joint stock company established in the PRC with limited liability;
“Director(s)”	directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“JV”	a joint venture company to be established as a limited liability company in the PRC pursuant to the Agreement;
“JV Investment Costs”	RMB19,500,000,000 (equivalent to approximately HK\$23,112,207,000), being the total amount of capital investment of the JV agreed to be contributed by the JV Shareholders under the Agreement. For the avoidance of doubt, such amount has included the total registered capital of the JV;
“JV Shareholders”	the shareholders of the JV, namely CPIC Life, SODH and SHYY;
“Land”	land parcel no. 123, 124 and 132 situated at Huangpu District, Shanghai, the PRC;
“Land Use Rights Grant Contract”	國有建設用地使用權出讓合同, to be entered into between Shanghai Huangpu District Planning and Land Bureau and the JV in relation to the acquisition of the Land;

DEFINITIONS

“Latest Practicable Date”	23 July 2018, being the latest practicable date for ascertaining certain information referred to in this circular prior to its printing;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“Project”	the property project to be developed by the JV at the Land;
“RMB”	Renminbi, the lawful currency of the PRC;
“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;
“Shareholder(s)”	Holder(s) of the Share(s);
“SHYY”	Shanghai Yongye Enterprise (Group) Company Limited, a company established in the PRC with limited liability;
“Shanghai Huangpu District Planning and Land Bureau”	上海市黃浦區規劃和土地管理局, a government body in the PRC, is responsible for, among other things, managing the primary land market, the tendering, auction and listing-for-sale of rights to use state-owned land in Shanghai;
“Shanghai Land Exchange Centre”	上海市土地交易事務中心, a public body in the PRC responsible for, among other things, the transaction of land use rights in Shanghai, and was appointed by Shanghai Huangpu District Planning and Land Bureau to offer the Land for sale;
“SODH”	Shui On Development (Holding) Limited, an exempted company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction Confirmation”	the confirmation dated 5 July 2018 entered into between Shanghai Land Exchange Centre and the JV Shareholders confirming the successful bidding at the Bidding;

DEFINITIONS

“Transactions”	the acquisition of the Land, the entering into of the Agreement and the transactions contemplated thereunder;
“sq.m.”	square metre, unit of area; and
“%”	per cent.

For the purpose of this circular, the exchange rate at HK\$1 = RMB0.84371 has been used for illustrative purpose only and do not constitute a representation that any amount has been, could have been or may be exchanged at such rates.

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

Registered Office:

190 Elgin Avenue

George Town

Grand Cayman KY1-9005

Cayman Islands

Place of Business in Hong Kong:

34th Floor, Shui On Centre

6-8 Harbour Road

Wan Chai

Hong Kong

26 July 2018

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

INTRODUCTION

On 5 July 2018, the Board announced that CPIC Life, SODH (a wholly-owned subsidiary of the Company) and SHYY (i.e. the JV Shareholders) succeeded in the bid of the land use rights of the Land offered for sale by Shanghai Huangpu District Planning and Land Bureau at the Bidding for RMB13,610,000,000 (equivalent to approximately HK\$16,131,135,000), and on 5 July 2018, CPIC Life, SODH (a wholly-owned subsidiary of the Company) and SHYY entered into the Agreement, pursuant to which the parties agreed to establish the JV for carrying out property development project at the Land in Huangpu District, Shanghai, the PRC. The JV will be owned as to 70% by CPIC Life, 25% by SODH and 5% by SHYY.

* For identification purpose only

LETTER FROM THE BOARD

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

ACQUISITION OF THE LAND

On 5 July 2018, CPIC Life, SODH (a wholly-owned subsidiary of the Company) and SHYY (i.e. the JV Shareholders) succeeded in the bid of the land use rights of the Land offered for sale by Shanghai Huangpu District Planning and Land Bureau at the Bidding for RMB13,610,000,000 (equivalent to approximately HK\$16,131,135,000).

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

The Transaction Confirmation has been entered into between Shanghai Land Exchange Centre and the JV Shareholders. The Land Use Rights Grant Contract in relation to the acquisition of the Land is expected to be entered into within three months from the date of the Transaction Confirmation.

The consideration for the Land is RMB13,610,000,000 (equivalent to approximately HK\$16,131,135,000).

At the Latest Practicable Date, RMB2,716,000,000 (equivalent to approximately HK\$3,219,116,000) has been paid as a deposit by the JV Shareholders in proportion to their respective interests in the JV. The consideration for the Land shall be paid by the JV within 30 working days from the signing of the Land Use Rights Grant Contract, which would be funded by financial contribution of the JV Shareholders in the JV according to their respective proportion of shareholding in the JV, details of which are set out in the paragraph headed "Financial Commitment" below.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, at the Latest Practicable Date, each of Shanghai Huangpu District Planning and Land Bureau and Shanghai Land Exchange Centre and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Information of the Land and the Project

The acquisition costs of the Land to be paid by the JV is RMB13,610,000,000 (equivalent to approximately HK\$16,131,135,000). The Land is for office and commercial use and situated at Huangpu District, Shanghai, the PRC. It will be developed into a high quality mixed-use development consisting of three Grade A office towers with gross floor area of no more than 197,100 sq.m. and a high-end shopping mall with gross floor area of no more than 105,600 sq.m.. It is expected that the development of the Project will be completed within 66 months from the handover of the Land to the JV.

LETTER FROM THE BOARD

ESTABLISHMENT OF JOINT VENTURE

On 5 July 2018, CPIC Life, SODH (a wholly-owned subsidiary of the Company) and SHYY entered into the Agreement, pursuant to which the parties agreed to establish the JV for carrying out property development project at the Land in Huangpu District, Shanghai, the PRC. The JV will be owned as to 70% by CPIC Life, 25% by SODH and 5% by SHYY. The JV, when established, shall be accounted for as an associate of the Company and will not be consolidated into the financial statements of the Company.

THE AGREEMENT

Date

5 July 2018

Parties

- (1) CPIC Life
- (2) SODH, a wholly-owned subsidiary of the Company
- (3) SHYY

Subject Matter

The JV Shareholders shall establish the JV and each of CPIC Life, SODH and SHYY shall hold 70%, 25% and 5% equity interests in the JV, respectively. The JV is established for a single purpose relating to the acquisition, development, construction, management, holding, sales and leasing of the Project and consistent with the purpose specified in the Bidding document. The JV shall have a registered capital of RMB14,050,000,000 (equivalent to approximately HK\$16,652,641,000).

Management

The board of directors of the JV shall comprise seven directors, of which four directors shall be appointed by CPIC Life, two directors shall be appointed by SODH and one director shall be appointed by SHYY. The chairman of the board shall be appointed by CPIC Life.

All major decisions of the JV require unanimous approval of all directors of the JV, including but not limited to any change in the nature or scope of the JV's business, the entering into of any transactions which are not on an arm's length basis by the JV, any distribution of profits and the dividend policy.

Financial Commitment

Pursuant to the Agreement, the JV Shareholders agreed that the amount of the JV Investment Costs is RMB19,500,000,000 (equivalent to approximately HK\$23,112,207,000). The JV Investment Costs are determined with reference to the acquisition costs of the Land and the expected development costs of the Project. The expected development costs of the Project is determined with reference to the estimated amounts of financing costs, overhead expenses as well as construction costs.

LETTER FROM THE BOARD

The registered capital of RMB14,050,000,000 (equivalent to approximately HK\$16,652,641,000) shall be paid up by each JV Shareholder in cash in accordance with their respective proportion of equity interests in the JV. Accordingly, SODH shall contribute RMB3,512,500,000 (equivalent to approximately HK\$4,163,160,000), representing 25% of the registered capital, to the JV.

The outstanding amount of the JV Investment Costs and further financing needs of the JV shall be funded by shareholders loans and/or external financing to be raised from banks and financial institutions or in a manner to be agreed by the JV Shareholders.

Transfer Restrictions

Pursuant to the relevant terms in the Agreement, the JV Shareholders may not dispose of or create any encumbrance over any of the equity interests in the JV within the lock-up period in respect of direct/indirect interest in the Land stipulated in the Agreement or the relevant Land grant documents unless otherwise provided in the Agreement.

Subsequent to the expiration of the aforesaid lock-up period, each of the JV Shareholders shall be subject to customary transfer restrictions provided under the Agreement (including right of first refusal, tag-along right and drag-along right) in a proposed transfer of its equity interests held in the JV and no partial transfer of equity interests in the JV held by a proposed transferor is allowed.

Distribution of profits

After compensation of losses incurred in the previous financial years and provision for statutory reserves in accordance with the relevant PRC laws and regulations, net profits of the JV may be distributed to the JV Shareholders in proportion to their shareholding interest in the JV, subject to unanimous approval by all directors of the JV.

REASONS AND BENEFITS OF THE TRANSACTIONS

The Project is a key component of the entire Taipingqiao master plan that the Company has been developing for the past 20 years. It enables the Company to develop and manage a landmark project at a prime location in the Shanghai CBD so as to enjoy the sustainable growth in asset value of the development. With the Company acting as the project and asset manager and investing as a minority shareholder, the Transactions are also in line with the Company's asset-light business strategy. In addition, the Project is beneficial to leverage the Company's project and asset management capabilities and to earn recurring management fee income.

The Directors consider that the terms of the Agreement and the Transactions are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON 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. SODH is incorporated in the Cayman Islands with limited liability and is principally engaged in investment holding and debt financing.

LETTER FROM THE BOARD

INFORMATION ON CPIC LIFE AND SHYY

CPIC Life is a professional life insurance subsidiary of China Pacific Insurance (Group) Co., Ltd. Headquartered in Shanghai, China Pacific Insurance (Group) Co., Ltd. is a leading “A+H” listed integrated insurance group in the PRC, providing, through the nationwide marketing network and diversified service platform, a broad range of risk solutions, wealth management and asset management services to over 100 million customers throughout the country. China Pacific Insurance (Group) Co., Ltd. has been listed among Fortune Global 500 for 7 consecutive years.

Established on 30 December 1994, SHYY is mainly engaged in real estate development and management, taking up significant responsibilities of old area reconstruction, municipal construction, subsidized housing construction and management, property management for state-owned housing, preservation protection and development of outstanding historical buildings, etc. With the first grade real estate development qualification approved by National Ministry of Construction, SHYY has been listed amongst the top 50 Shanghai real estate development enterprises and the top 10 enterprises engaged in subsidized housing construction and development. It has also been awarded Shanghai outstanding company of distinction and competition, contract-observing and creditworthy enterprise of Shanghai and Shanghai five-star integrity establishment enterprise.

LISTING RULES IMPLICATIONS

Since the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules for the Company in respect of the Transactions is 25% or more but is less than 100%, the Transactions constitute a major transaction for the Company.

The Transactions constitute a Qualified Property Acquisition under Rule 14.04(10C) of the Listing Rules as it involves an acquisition of governmental land in the PRC from a PRC Governmental Body (as defined under Rule 19A.04 of the Listing Rules) through a tender, auction or listing-for-sale governed by PRC law (as defined under Rule 19A.04 of the Listing Rules). The Board confirms that the Transactions are in the Group’s ordinary and usual course of business and the terms of the Transactions (including the financing and profit distribution arrangements pursuant to the Agreement) are entered into on an arm’s length basis and on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Transactions are hence subject to reporting and announcement requirements and is exempt from shareholders’ approval requirements pursuant to Rule 14.33A of the Listing Rules.

ADDITIONAL INFORMATION

Your attention is also 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.

Charges

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) Guarantees provided 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 outstanding at 31 May 2018 amounted to RMB1,757,000,000. 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 authorized 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 capital contribution to be made by the Group to the JV, 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 and senior notes, successful refinancing of certain banking facilities and senior notes, the Group will have sufficient working capital for its business for the next twelve months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

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 units of Rui Hong Xin Cheng Phase 7 are scheduled to be launched for sale at a 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.

5. FINANCIAL EFFECT OF THE TRANSACTIONS ON THE GROUP

Immediately upon the acquisition of the Land, there would be no financial impact on the Group's consolidated assets and liabilities as the increase in interests in JV by RMB3,512,500,000 will be offset by the decrease in cash balances. In addition, there would be no financial impact on the consolidated profit and loss account.

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”), Doretturn Limited (“Doretturn”) and Smart Will Investments Limited (“Smart Will”) respectively whereas SOP, Chester International, Lanvic, Boswell, Merchant Treasure, Doretturn 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	SODH	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. 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).

4. 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.

5. 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.

6. 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).

7. 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.

8. 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).

9. 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 SODH, 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 上海虹房(集團)有限公司 (Shanghai Hongfang (Group) Company Limited*) (“**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 SODH 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**”), SODH, 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 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 RMB34,930,000, 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 SODH, Hollyfield Holdings Limited (“**Hollyfield**”), 上海丸晟實業合夥企業(有限合夥) (“**China Life Fund**”) and 上海瑞虹新城有限公司 (Shanghai Rui Hong Xin Cheng Co., Ltd.*) (“**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;

- (i) the investment framework agreement (the “**Investment Framework Agreement**”) dated 26 June 2018 entered into among SODH, Rainbow Yield Investments Limited (“**Rainbow Yield**”), Joy City Property Limited and Hill Bloom Limited (“**Hill Bloom**”) in relation to, among other things, the disposal of 50% of the entire equity interests in Colour Bridge Holdings Limited (“**Color Bridge**”) by Rainbow Yield to Hill Bloom, representing 49.5% of the interests in the partnership portfolio (as defined in the “**Investment Framework Agreement**”) at an initial consideration amount of RMB4,589,175,222 (subject to adjustment) and the grant of a put option by Rainbow Yield to Hill Bloom with which Hill Bloom may request that all (but not part) of its shares in and shareholder loans provided to Colour Bridge be transferred to Rainbow Yield upon satisfaction of certain criteria at a consideration to be determined with reference to the then net asset value attributable to shareholders of Colour Bridge, details of which were set out in the announcement of the Company dated 26 June 2018 and the circular of the Company dated 18 July 2018; and
- (j) the Agreement.

* For identification purpose only

10. 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.

11. 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 material contracts referred to in the section headed “Material Contracts” in this appendix;
- (c) the annual reports of the Company for each of the years ended 31 December 2015, 31 December 2016 and 31 December 2017;
- (d) the circular of the Company dated 18 July 2018; and
- (e) this circular.