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瑞安房地產
SHUI ON LAND

Shui On Land Limited
瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 272)

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

THE AGREEMENT

On 19 December 2017, Shui On Development, the Vendor (each a wholly-owned subsidiary of the Company), China Life Fund and the Project Company entered into the Agreement, pursuant to which, among other things, the Sale Equity, representing 49.5% of the Partnership Portfolio (via the Project Company) will be transferred from the Vendor to China Life Fund.

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

LISTING RULES IMPLICATIONS

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

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

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

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

Shui On Properties Limited, Shui On Investment Company Limited, Chester International Cayman Limited, Lanvic Limited, Boswell Limited, Merchant Treasure Limited and Doreturn Limited, which are controlled by Shui On Company Limited and which together constitute a closely allied group of Shareholders, holds 675,493,996 Shares, 1,707,888,889 Shares, 183,503,493 Shares, 633,333,333 Shares, 908,448,322 Shares, 150,000,000 Shares and 323,319,781 Shares, respectively, and together representing approximately 56.84% of the issued share capital of the Company at the date of this announcement. The Company has obtained the written approval of Shui On Properties Limited, Shui On Investment Company Limited, Chester International Cayman Limited, Lanvic Limited, Boswell Limited, Merchant Treasure Limited and Doreturn Limited on the Agreement and the Transactions pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting will be convened to consider the Agreement and the Transactions.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, further details relating to the Agreement and the Transactions is required to be despatched to the Shareholders within 15 business days after the publication of this announcement, i.e. on or before 12 January 2018.

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.

INTRODUCTION

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

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

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

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

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

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

THE AGREEMENT

The principal terms of the Agreement are summarized as follows:

Date

19 December 2017

Parties

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

Assets to be disposed of

The Sale Equity

At the date of this announcement, the Project Company owns the Partnership Portfolio (details of which are set out in the paragraph headed “Information of the Project Company and Partnership Portfolio” in this announcement) and the Remaining Portfolio. The Parties have agreed that, upon Completion, the Sale Equity will represent 49.5% of the interests in the Partnership Portfolio (via the Project Company) only but not any interest in the Remaining Portfolio.

Upon Completion:

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

Purchase Price

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

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

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

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

Post-Completion Purchase Price Adjustment

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

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

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

Payment Terms

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

Conditions

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

- (1) the approval in respect of the Agreement and the Transactions having been obtained from the Shareholders in accordance with the requirements of the Listing Rules (as applicable);
- (2) the written consent on the Transfer of Interests from all of the banks providing loans for the Project as specified in the Agreement having been obtained;
- (3) filing in respect of the Transfer of Interests with the local counterpart of the Ministry of Commerce of the PRC having been made by the Project Company pursuant to the terms of the Agreement;
- (4) all documents required for application for the changes to be made in the industry and commerce registrations in the PRC in relation to the Transfer of Interests (the “**AIC Change Application**”) having been provided by the Project Company to the relevant registration authorities for pre-approval (formal submission is not required) pursuant to the terms of the Agreement, and verbal confirmation that the documents provided are in compliance with the requirements having been obtained from such registration authorities;
- (5) a written license in form and substance required under the Agreement having been issued by the legal owner(s) of the trademark(s) registered in connection with the Partnership Portfolio, permitting the Project Company to use such trademark(s) for free for purposes relating to the Partnership Portfolio during the period (i) when the interests in the Partnership Portfolio were only owned by the Vendor, China Life Fund and Hongfang and the Affiliates thereof, or only owned by the Vendor and China Life Fund and the Affiliates thereof; and (ii) when services with respect to asset management of the Partnership Portfolio is provided by Shanghai Xintiandi or other Affiliate(s) of Shui On Development;
- (6) no applicable laws, court orders, government orders or any other similar injunctions having been introduced after the Signing Date which may render all or any material part of the Transactions invalid, and no final and non-appealable prohibitions or restrictions having been imposed on any Party which may render it unable to complete all or any material part of the Transactions;

- (7) subject to the terms of the Agreement, the warranties provided by Shui On Development and the Vendor under the Agreement remaining true and accurate in all material aspects at the time of payment of the Purchase Price;
- (8) save for the events already being rectified, there being no event having Material Adverse Effect on the Partnership Portfolio; and
- (9) save for the events already being rectified or expressly waived by China Life Fund, there being no breach on the part of the Vendor of any pre-Completion undertakings provided by the Vendor under the Agreement.

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

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

Completion

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

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

- (a) at 10:00 a.m. on the Business Day following the day on which the AIC Change Application is accepted by relevant registration authorities if the AIC Change Application is accepted on the same day when the Initial Purchase Price is paid by China Life Fund or
- (b) at 1:00 p.m. on the same day when the AIC Change Application is accepted by relevant registration authorities if the AIC Change Application is accepted in the morning on the Business Day following the day on which the Initial Purchase Price is paid by China Life Fund.

Guarantee

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

Management of the Partnership Portfolio

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

Transfer Restrictions

(a) Lock-Up Period

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

(b) Right of first refusal

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

(c) Tag-along right

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

(d) Drag-along right

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

(e) No partial transfer

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

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

Triggering Events and Call Option

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

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

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

INFORMATION OF THE PROJECT COMPANY AND PARTNERSHIP PORTFOLIO

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

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

The unaudited net asset value of the Partnership Portfolio at 30 June 2017 was approximately RMB5,572,000,000 (equivalent to approximately HK\$6,589,482,000). For the six months ended 30 June 2017, the unaudited losses both before and after taxation of the Partnership Portfolio were approximately RMB34,000,000 (equivalent to approximately HK\$40,209,000) and RMB25,000,000 (equivalent to approximately HK\$29,565,000), respectively. For the year ended 31 December 2016, the unaudited profits both before and after taxation of the Partnership Portfolio were approximately RMB368,000,000 (equivalent to approximately HK\$435,199,000) and RMB276,000,000 (equivalent to approximately HK\$326,399,000), respectively. For the year ended 31 December 2015, the unaudited profits both before and after taxation of the Partnership Portfolio were approximately RMB38,000,000 (equivalent to approximately HK\$44,939,000) and RMB28,000,000 (equivalent to approximately HK\$33,113,000), respectively.

INFORMATION OF THE GROUP

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

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

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

INFORMATION OF CHINA LIFE FUND

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

FINANCIAL EFFECTS AND USE OF PROCEEDS FROM THE TRANSACTIONS

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

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

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

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

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.

LISTING RULES IMPLICATIONS

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

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

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

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

Shui On Properties Limited, Shui On Investment Company Limited, Chester International Cayman Limited, Lanvic Limited, Boswell Limited, Merchant Treasure Limited and Doreturn Limited, which are controlled by Shui On Company Limited and which together constitute a closely allied group of Shareholders, holds 675,493,996 Shares, 1,707,888,889 Shares, 183,503,493 Shares, 633,333,333 Shares, 908,448,322 Shares, 150,000,000 Shares and 323,319,781 Shares, respectively, and together representing approximately 56.84% of the issued share capital of the Company at the date of this announcement. The Company has obtained the written approval of Shui On Properties Limited, Shui On Investment Company Limited, Chester International Cayman Limited, Lanvic Limited, Boswell Limited, Merchant Treasure Limited and Doreturn Limited on the Agreement and the Transactions pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting will be convened to consider the Agreement and the Transactions.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, further details relating to the Agreement and the Transactions is required to be despatched to the Shareholders within 15 business days (as defined in the Listing Rules) after the publication of this announcement, i.e. on or before 12 January 2018.

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.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms and expressions have the following meanings:

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

“China Life Capital”	China Life Capital Investment Co., Ltd.* (國壽資本投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of China Life Group;
“China Life Fund”	上海丸晟實業合夥企業(有限合夥), a limited partnership formed under the laws of the PRC, being the purchaser to the Agreement;
“China Life Group”	China Life Insurance (Group) Company* (中國人壽保險(集團)公司);
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Main Board of the Stock Exchange (stock code: 272);
“Completion”	completion of the disposal of the Sale Equity in accordance with the terms and conditions of the Agreement;
“Completion Date”	the date on which the Completion takes place;
“Condition(s)”	conditions precedent to the payment of the Initial Purchase Price contained in the Agreement, details of which are set out in the paragraph headed “Conditions” in this announcement;
“Development Management Agreement”	the development management agreement to be entered into on the Completion Date between the Project Company and Shui On Management, pursuant to which the Project Company shall appoint Shui On Management for the provision of management services in respect of the development of the construction in progress on Lot 10 of the Project;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hongfang”	Shanghai Hongfang (Group) Company Limited* (上海虹房(集團)有限公司), a company established in the PRC with limited liability;

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Initial Purchase Price”	has the meaning as ascribed to it under the paragraph headed “Purchase Price” in this announcement;
“KIC Project”	a bundle of properties comprising of retail, office, hotel, car parking spaces and clubhouse which is commonly known as “Knowledge and Innovation Community” and is located in Yangpu District, Shanghai;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Lock-Up Period”	a period of eight years commencing from the Completion Date, subject to an extension of two years upon agreement by the Vendor and China Life Fund;
“Long Stop Date”	31 January 2018;
“Lot 10”	Hall of the Sun (Ruihong Tiandi Lot 10);
“Material Adverse Effect”	save as otherwise provided in the Agreement, loss of an amount exceeding 10% of the total asset value of the Partnership Portfolio as agreed by the Parties under the Agreement;
“Partnership Portfolio”	the portfolio of properties held by the Vendor (via the Project Company) subject to the disposal of the Sale Equity as contemplated under the Agreement, details of which are set out in the paragraph headed “Information of the Project Company and Partnership Portfolio” in this announcement;
“Party” or “Parties”	party(ies) to the Agreement;
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“Project”	Rui Hong Xin Cheng Project* (瑞虹新城項目);

“Project Company”	Shanghai Rui Hong Xin Cheng Co., Ltd.* (上海瑞虹新城有限公司), a Sino-foreign cooperative joint venture established in the PRC;
“Purchase Price”	the total purchase price payable by China Life Fund for the disposal of the Sale Equity, details of which are set out in the paragraph headed “Purchase Price” in this announcement;
“Remaining Portfolio”	the portfolio of properties held by the Vendor (via the Project Company) which is not subject to the disposal of the Sale Equity as contemplated under the Agreement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Equity”	21.4% of the entire equity interests in the Project Company, representing 49.5% of the interests in the Partnership Portfolio (via the Project Company);
“Shanghai Xintiandi”	Shanghai Xintiandi Management Limited* (上海新天地商業管理有限公司), a company established in the PRC with limited liability and a subsidiary of the Company;
“Shares”	the ordinary shares of the Company with nominal value of US\$0.0025 each;
“Shareholders”	holders of the Shares;
“Shui On Development”	Shui On Development (Holding) Limited, an exempted company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company;
“Shui On Management”	Shui On Management Limited* (瑞安管理(上海)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Signing Date”	the date of signing of the Agreement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transactions”	the transactions contemplated under the Agreement;

“Transfer of Interests”	has the meaning as ascribed to it under the paragraph headed “Introduction” in this announcement;
“Triggering Events”	the holding of any property of the Remaining Portfolio by the Project Company one month prior to the expiry of the Lock-Up Period;
“US\$”	United States dollars, the lawful currency of the United States of America;
“Vendor”	Hollyfield Holdings Limited, a company incorporated in Mauritius with limited liability and an indirect wholly-owned subsidiary of the Company; and
“%”	per cent.

** For identification purposes only*

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

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

Hong Kong, 19 December 2017

At the date of this announcement, the executive Directors are Mr. Vincent H. S. LO (Chairman) and Mr. Douglas H. H. SUNG (Chief Financial Officer), the non-executive Director is Mr. Frankie Y. L. WONG and the independent non-executive Directors are Sir John R. H. BOND, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY, Mr. David J. SHAW and Mr. Anthony J. L. NIGHTINGALE.