

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.



Longfor Properties Co. Ltd.

龍湖地產有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 960)

ADOPTION OF RESTRICTED SHARE AWARD SCHEME

The Board is pleased to announce that it resolved today to adopt the Scheme as an incentive to retain and encourage the Employees for the continual operation and development of the Group, pursuant to which existing Shares will be purchased by the Trustee from the market out of cash contributed by the Company and be held on trust for the relevant Selected Employees until such Shares are vested with the relevant Selected Employees in accordance with the Scheme Rules.

The maximum number of Shares which the Trustee may purchase shall not exceed 3% of the total issued share capital of the Company as at the Adoption Date.

ADOPTION OF RESTRICTED SHARE AWARD SCHEME

The Board resolved today to adopt the Scheme, pursuant to which existing Shares will be purchased by the Trustee from the market out of cash contributed by the Company and be held on trust for the relevant Selected Employees until such Shares are vested with the relevant Selected Employees in accordance with the Scheme Rules.

For the avoidance of doubt, no new Share will be granted under the Scheme.

Listing Rules Implication

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

A summary of the Scheme Rules is set out below in this announcement.

SUMMARY OF THE SCHEME RULES

Purposes and Objectives

The purposes and objectives of the Scheme are to (i) recognize and motivate the contribution of the Employees of the Group; (ii) to provide incentives and help the Group in retaining its existing Employees and recruiting additional Employees; and (iii) provide the Employees with economic interests in attaining the long-term business objectives of the Group.

Administration

The Scheme shall be subject to the administration of the Implementation Committee in accordance with the Scheme Rules.

Maximum Limit

The maximum number of Shares which the Trustee may purchase during the term of the Scheme shall not exceed 3% of the total issued share capital of the Company as at the Adoption Date.

The maximum number of Restricted Shares which may be awarded to a Selected Employee under the Scheme shall not exceed 1% of the total issued share capital of the Company as at the Adoption Date.

Restrictions

No payment shall be made to the Trustee and no instruction shall be given to the Trustee to acquire Shares when any member of the Implementation Committee is in possession of unpublished inside information in relation to the Company or where dealings by Directors are prohibited under any code or requirement of the Listing Rules or any applicable laws from time to time.

Operation

Pursuant to the Scheme Rules, the Implementation Committee may at any time it considers appropriate, pay to the Trustee from the Company's resources a sum of money the Implementation Committee considers appropriate (the "**Utilised Profit**"), the amount of which shall not exceed the sum of (i) a certain percentage of the Net Core Profit (to be determined based on the overall performance of the Employees in the relevant financial year) (the "**Maximum Annual Contribution**") of the relevant financial year and (ii) the accumulated aggregate amount of the Maximum Annual Contribution not being paid to the Trustee as Utilised Profits since the Adoption Date.

The Implementation Committee may, in such time as it considers appropriate, instruct the Trustee to apply the Utilised Profit and/or all or part of the cash income and deemed cash income in respect of the Shares towards (i) the purchase of the maximum number of board lots of the Shares at the prevailing market price; and/or (ii) the settlement of the related purchase expenses or other costs and expenses in connection with the Scheme.

The Implementation Committee may, from time to time, at its absolute discretion select the Selected Employee(s) after taking into account various factors as it deems appropriate for participation in the Scheme, and determine the number of Restricted Shares to be awarded to the Selected Employee(s), the vesting date(s) of such Restricted Shares (the "**Vesting Date**") and if applicable, the rights and interests in the Restricted Shares to which the Selected Employee(s) may be entitled to and the vesting conditions in respect of the Restricted Shares.

Unless otherwise determined by the Implementation Committee, the Trustee shall hold the Restricted Shares until they are vested with the Selected Employee(s) in accordance with the Scheme Rules.

Vesting and Lapse

Unless otherwise determined by the Implementation Committee at its discretion, upon the occurrence of any of the following events (each of these, an event of "**Lapse**"), the Restricted Shares held by the Trustee upon the Trust and which are referable to a Selected Employee shall not vest in that Selected Employee:

- the Selected Employee fails to remain as an Employee on the relevant Vesting Date(s);

- the Selected Employee fails to fulfil the vesting condition(s) in respect of the Restricted Shares;
- the Selected Employee's employment is terminated by reason of, inter alia, serious misconduct, incompetence or negligence in performing his duties causing material losses to the Group, performance appraisal rating being determined at the lowest range for two consecutive years, and/or being charged, convicted for any offence under applicable laws or regulations or breaches of the Group's employee behavior codes;
- death of the Selected Employee before the Vesting Date(s) ;
- the Subsidiary by which a Selected Employee is employed ceases to be a subsidiary of the Company or of a member of the Group; and
- winding-up of the Company.

Upon occurrence of any of the above events, the relevant Restricted Shares awarded shall not vest to the Selected Employee(s) but shall become Returned Shares for the purposes of the Scheme.

Voting Rights

The Trustee, the Implementation Committee and the Board shall not exercise the voting rights in respect of any Shares held under the Trust (including but not limited to the Restricted Shares and the further Shares acquired out of the income derived therefrom).

Duration and Termination

Unless otherwise sooner terminated as determined by the Board, the Scheme shall be effective from the Adoption Date and shall continue in full force and effect for a term of eight years, upon the expiration of which and subject to full compliance of the Listing Rules and other legislations, codes and/or guidelines applicable to the Company, the Scheme may be renewed by the Implementation Committee on the same or such other terms as the Implementation Committee considers appropriate. Termination shall not affect any subsisting rights of any Selected Employee thereunder.

Upon termination, Restricted Shares which are granted during the term of the Scheme and which remain unvested shall vest with the Selected Employee(s). Net proceeds of sale of the Restricted Shares not granted, Returned Shares and such non-cash income remaining in the trust fund and such other cash and funds remaining in the Trust (after making appropriate deductions in respect of all disposal costs, liabilities and expenses in accordance with the Trust Deed) shall be remitted to the Company forthwith after the sale.

DEFINITION

Unless otherwise defined, the following expressions in this announcement have the following meanings:

“Adoption Date”	28 October 2014, being the date on which the Board adopted the Scheme;
“Board”	the board of directors of the Company;
“Company”	Longfor Properties Co. Ltd., a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 960);
“Director(s)”	director(s) of the Company;
“Employee(s)”	any full-time employee employed by any member of the Group (including without limitation any executive director of any member of the Group) and non-executive director of any member of the Group;
“Group”	the Company and its Subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Implementation Committee”	the implementation committee set up by the Board in accordance with the Scheme Rules;
“Lapse”	shall have the meaning as defined under the paragraph titled “ Summary of the Scheme Rules - Vesting and Lapse” in this Announcement;
“Listing Rules”	the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited;

“Maximum Annual Contribution”	shall have the meaning as defined under the paragraph titled “Summary of the Scheme Rules - Operation” in this Announcement;
“Net Core Profit”	an amount equal to the consolidated net profit after interest, tax and minority interest of the Group as shown in the audited accounts of the relevant financial year of the Group excluding any change in fair value of investment properties held by the Group;
“Restricted Shares”	in respect of a Selected Employee, such number of Shares awarded by the Implementation Committee;
“Returned Shares”	such Restricted Shares which are not accepted or vested in accordance with the terms of the Scheme, or such Shares being deemed to be Returned Shares, or forfeited in accordance with the terms of the Scheme;
“Scheme”	the Restricted Share Award Scheme adopted by the Board and constituted by the Scheme Rules, in its present form or as amended from time to time in accordance with the provisions hereof;
“Scheme Rules”	the rules relating to the Scheme in its present or any amended form;
“Selected Employee(s)”	Employee(s) selected or to be selected by the Implementation Committee for participation in the Scheme pursuant to the Scheme Rules;
“Share(s)”	ordinary shares of HK\$0.10 each in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary(ies)”	subsidiary(ies) of the Company from time to time within the meaning of the Listing Rules;
“Trust”	the trust constituted by the Trust Deed;
“Trust Deed”	a trust deed to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time);

“Trustee”	HSBC Trustee (Hong Kong) Limited (which is independent and not connected with the Company);
“Utilised Profit”	shall have the meaning as defined under the paragraph titled “ Summary of the Scheme Rules - Operation” in this Announcement;
“Vesting Date”	shall have the meaning as defined under the paragraph titled “ Summary of the Scheme Rules - Operation” in this Announcement.

By order of the Board
Longfor Properties Co. Ltd.
Wu Yajun
Chairperson

Hong Kong, 28 October, 2014

As at the date of this announcement, the Board comprises nine members: Madam Wu Yajun, Mr. Shao Mingxiao, Mr. Zhou Dekang, Mr. Feng Jinyi and Mr. Wei Huaning who are executive Directors; and Mr. Frederick Peter Churchouse, Mr. Chan Chi On, Derek, Dr. Xiang Bing and Dr. Zeng Ming who are independent non-executive Directors.