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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)

**VERY SUBSTANTIAL ACQUISITION
ACQUISITION OF LAND USE RIGHTS
IN WUHAN CITY, HUBEI PROVINCE, THE PRC**

ACQUISITION OF LAND USE RIGHTS

The Board is pleased to announce that on 21 December 2021, the JV Company has successfully won the bid of the land use rights of the Land located in Wuchang District, Wuhan City, Hubei Province, the PRC at the total consideration of approximately RMB17,031 million (equivalent to approximately HK\$20,846 million) (inclusive of tax).

The JV Company was established solely for the Acquisition and the development of certain lands in Wuchang District, Wuhan City and is owned as to 50% by each of Wuhan Zhenrui (an indirect wholly-owned subsidiary of the Company) and Wuhan Real Estate.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules.

The Acquisition is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules as it involves an acquisition of governmental land(s) in the PRC from the PRC Governmental Body (as defined under Rule 19A.04 of the Listing Rules) through a tender, auction or listing-for-sale governed by the PRC laws (as defined under Rule 19A.04 of the Listing Rules). The Board confirms that the Acquisition is in the ordinary and usual course of business of the Group and the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Acquisition is hence subject to reporting, announcement and circular requirements but is exempt from shareholders' approval requirement pursuant to Rule 14.33A of the Listing Rules.

GENERAL

A circular containing, among other things, details of the Acquisition, will be despatched to the Shareholders for information purpose only on or before 25 January 2022, as additional time is required for the Company to prepare and finalise certain information to be included in the circular.

INTRODUCTION

The Board is pleased to announce that on 21 December 2021, the JV Company has successfully won the bid of the land use rights of the Land located in Wuchang District, Wuhan City, Hubei Province, the PRC at the total consideration of approximately RMB17,031 million (equivalent to approximately HK\$20,846 million) (inclusive of tax).

The JV Company was established solely for the Acquisition and the development of certain lands in Wuchang District, Wuhan City and is owned as to 50% by each of Wuhan Zhenrui (an indirect wholly-owned subsidiary of the Company) and Wuhan Real Estate.

THE BID AND THE ACQUISITION

Date

21 December 2021

Parties

- (1) Wuhan Natural Resources and Planning Bureau, a local PRC government authority, which is in charge of, among other things, the sale of land use rights of lands in Wuhan, Hubei Province, the PRC, as vendor; and
- (2) the JV Company, as purchaser.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Wuhan Natural Resources and Planning Bureau and its ultimate beneficial owner(s) are independent third parties of the Company and its connected persons.

Information on the Land

The Land consists of three land parcels with a total site area of 332,381 square metres:

- (i) Land Parcel A (plot no. P(2021)178) is located at the intersection of Linjiang Avenue and Zhang Zhidong Road, Wuchang District, Wuhan City, Hubei Province, the PRC (Package A of Phase I of Wuhan Shipyard) (中國湖北省武漢市武昌區臨江大道與張之洞路交叉口(武船廠區一期A包)), with a site area of 204,771 square metres. It is permitted for residential use for a term of grant of 70 years, commercial services for a term of grant of 40 years and educational use for a term of grant of 50 years.
- (ii) Land Parcel B (plot no. P(2021)179) is located at the intersection of Linjiang Avenue and Yingwuzhou Yangtze River Bridge, Wuchang District, Wuhan City, Hubei Province, the PRC (Package B of Phase I of Wuhan Shipyard) (中國湖北省武漢市武昌區臨江大道與鸚鵡洲長江大橋交叉口(武船廠區一期B包)), with a site area of 102,683 square metres. It is permitted for residential use for a term of grant of 70 years and commercial services for a term of grant of 40 years.
- (iii) Land Parcel C (plot no. P(2021)180) is located at the intersection of Baishazhou Avenue and Jiangguo Road, Wuchang District, Wuhan City, Hubei Province, the PRC (Tian Gong Phase II, Lot A) (中國湖北省武漢市武昌區白沙洲大道與江國路交匯處(天工二期A地塊)), with a site area of 24,927 square metres. It is permitted for residential use for a term of grant of 70 years.

The Wuhan Natural Resources and Planning Bureau has signed the Confirmation Letter with the JV Company on 21 December 2021. The Land Use Rights Grant Contracts will be entered into in due course, updates will be provided in the circular to be despatched to the Shareholders on or before 25 January 2022.

Consideration and payment terms

The consideration (inclusive of tax) for each of Land Parcel A, Land Parcel B and Land Parcel C was approximately RMB8,544 million (equivalent to approximately HK\$10,458 million), approximately RMB8,251 million (equivalent to approximately HK\$10,099 million) and approximately RMB236 million (equivalent to approximately HK\$289 million), respectively. The consideration for each parcel of the Land was arrived at as a result of successful Bidding by the JV Company, which was conducted in accordance with the relevant PRC laws and regulations, after taking into account the base price of the Bid, current market conditions, location of the Land, and land price in the surrounding area.

The aggregate consideration (inclusive of tax) for each of Land Parcel A, Land Parcel B and Land Parcel C (i.e. the Consideration) was approximately RMB17,031 million (equivalent to approximately HK\$20,846 million), of which an aggregate refundable bid deposit in the sum of RMB3,305 million (equivalent to approximately HK\$4,045 million) has been paid by the JV Company at the time of the Bidding on 20 December 2021, which was contributed by the JV Partners on a pro-rata basis. The deposit will be used to satisfy part of the Consideration. The remaining balance of the Consideration shall be paid by the JV Company in accordance with the Land Use Rights Grant Contract and will be settled by the JV Company with the capital contributed by the JV Partners in proportion to their respective equity interests in the JV Company and its internal resources.

The funding commitment of Wuhan Zhenrui of the Consideration was approximately RMB8,515 million (equivalent to approximately HK\$10,422 million), being the pro-rata share (i.e. 50%) of contributions to the Consideration required of the JV Partners. Wuhan Zhenrui intends to fund its portion of contributions to the Consideration by the Group's internal resources.

The Directors confirm that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PROJECT

The parties intend to develop the Land by constructing the Project thereon. The Project is a comprehensive real estate project (including residential, office, commercial building and international schools and other public utilities), as well as other facilities.

INFORMATION ON THE JV COMPANY

The JV Company was established solely for the Acquisition and the development of certain lands in Wuchang District, Wuhan City and is owned as to 50% by each of Wuhan Zhenrui (an indirect wholly-owned subsidiary of the Company) and Wuhan

Real Estate. Pursuant to the joint venture arrangement, the JV Company is not expected to be a subsidiary of the Company nor consolidated into the accounts of the Group. The Board confirms that the joint venture arrangement in relation to the JV Company (including its financing and profit distribution arrangements) are on arm's length basis, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Registered capital

The registered capital of the JV Company is expected to be RMB7,000 million (equivalent to approximately HK\$8,568 million) which will be contributed by Wuhan Zhenrui and Wuhan Real Estate as to RMB3,500 million (equivalent to approximately HK\$4,284 million) each.

The portion payable by Wuhan Zhenrui will be financed by the Group's internal resources.

Funding commitment and financing

The total capital commitment to be contributed by the JV Partners to the JV Company (covering funding for the registered capital, the Consideration, and the development and operation of the Project) (the "**Capital Commitment**") shall be an amount of approximately RMB14,300 million (equivalent to approximately HK\$17,503 million), and shall be contributed by the JV Partners on a pro-rata basis.

Any further financing needs of the JV Company shall be funded by external financing, the operating income generated from the Project and/or shareholder's loan(s) from the JV Partners on a pro-rata basis subject to shareholders' approval.

The respective contribution to the Capital Commitment by each JV Partner is determined after arm's length negotiation between the parties with reference to the funding needs of the JV Company required for the Acquisition, the carrying out of the Project and the operation of the JV Company. The amount of approximately RMB7,150 million (equivalent to approximately HK\$8,752 million) to be contributed by Wuhan Zhenrui shall be funded by internal working capital of the Group and external financing.

Management

The board of directors of the JV Company shall comprise of four directors, two of whom shall be nominated by Wuhan Zhenrui and the other two by Wuhan Real Estate. The chairman of the JV Company's board of directors shall be nominated by Wuhan Real Estate, while the general manager shall be nominated by Wuhan Zhenrui.

The JV Company may not, without the unanimous consent of both of the JV Partners, decide and conduct various major decisions and actions typical of its kind, which shall include:

- (i) changing the nature or scope of its business, and if there are changes then they must still be consistent with the scope or purpose specified in the Bid documents; or
- (ii) entering into any transactions which are not on an arm's length basis.

Restriction on transfer of equity interests

Each of the JV Partners may not sell, transfer, pledge, dispose of or otherwise encumber all or part of its equity interests in the JV Company without the written consent of the other party.

Each JV Partner shall have a right of first refusal to acquire the equity interests in the JV Company to be sold by the other JV Partner unless such sale is made to the other JV Partner's affiliate(s).

Profit sharing

The JV Company shall not make any distribution to the JV Partners until the JV Company has made good losses of the preceding year and provided for legal reserve or legal retained funds as required by applicable law. The distributable profits of the JV Company shall be distributed to the JV Partners in proportion to their respective equity interests in the JV Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Project is a master-plan development opportunity with high residential proportion located in the city core area, which aligns with the Company's TIANDI business model. Given the location of the Land and the substantial scale of the related development plan, it is expected that the Group will earn an attractive return on the Project, significantly replenish its residential landbank and strengthen its financial position.

The Directors (including the independent non-executive Directors) considered that the Acquisition, which has been entered into after arm's length negotiation between the parties, is in the ordinary and usual course of business of the Group and on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND WUHAN REAL ESTATE

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

Wuhan Zhenrui is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

Wuhan Real Estate is a company established under the laws of the PRC with limited liability and is principally engaged in urban regeneration, construction and master development. It is a state-owned company of which Wuhan State-Owned Assets Supervision and Administration Commission of the Wuhan Municipal People's Government is the ultimate beneficial owner.

LISTING RULES IMPLICATIONS

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The Acquisition is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules as it involves an acquisition of governmental land(s) in the PRC from the PRC Governmental Body (as defined under Rule 19A.04 of the Listing Rules) through a tender, auction or listing-for-sale governed by the PRC laws (as defined under Rule 19A.04 of the Listing Rules). The Board confirms that the Acquisition is in the ordinary and usual course of business of the Group and the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Acquisition is hence subject to reporting, announcement and circular requirements but is exempt from shareholders' approval requirement pursuant to Rule 14.33A of the Listing Rules.

A circular containing, among other things, details of the Acquisition, will be despatched to the Shareholders for information purpose only on or before 25 January 2022, as additional time is required for the Company to prepare and finalise certain information to be included in the circular.

DEFINITIONS

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

“Acquisition”	the acquisition of land use rights of the Land through Bidding;
“associates”, “connected persons”, “percentage ratio(s)”, “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Bid”	the bid of the land use rights of the Land submitted by the JV Company for the acquisition of the Land from the Wuhan Natural Resources and Planning Bureau through the Bidding;
“Bidding”	the public bidding process held by Wuhan Natural Resources and Planning Bureau at which the Land was offered for sale;
“Board”	the board of Directors;
“Capital Commitment”	has the meaning as defined in the section headed “INFORMATION ON THE JV COMPANY — Funding commitment and financing” in this announcement;
“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);
“Confirmation Letter”	the confirmation letter (成交確認書) entered into between the JV Company and Wuhan Natural Resources and Planning Bureau on 21 December 2021 as a result of successfully winning the Bid;
“Consideration”	the total consideration for each of Land Parcel A, Land Parcel B and Land Parcel C (inclusive of tax);
“Director(s)”	the director(s) 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 Company”	武漢城建瑞臻房地產開發有限公司 (Wuhan Chengjian Ruizhen Property Development Co. Ltd.*), a company established under the laws of the PRC with limited liability and is owned as to 50% by each of Wuhan Zhenrui and Wuhan Real Estate;
“JV Partner(s)”	collectively, Wuhan Zhenrui and Wuhan Real Estate, and each, a “JV Partner”;
“Land”	collectively, Land Parcel A, Land Parcel B, Land Parcel C;
“Land Parcel A”	the land parcel of plot no. P(2021)178 located at the intersection of Linjiang Avenue and Zhang Zhidong Road, Wuchang District, Wuhan City, Hubei Province, the PRC (Package A of Phase I of Wuhan Shipyard) (中國湖北省武漢市武昌區臨江大道與張之洞路交叉口(武船廠區一期A包)), details of which are set out in the section headed “THE BID AND THE ACQUISITION — Information on the Land” in this announcement;
“Land Parcel B”	the land parcel of plot no. P(2021)179 located at the intersection of Linjiang Avenue and Yingwuzhou Yangtze River Bridge, Wuchang District, Wuhan City, Hubei Province, the PRC (Package B of Phase I of Wuhan Shipyard) (中國湖北省武漢市武昌區臨江大道與鸚鵡洲長江大橋交叉口(武船廠區一期B包)), details of which are set out in the section headed “THE BID AND THE ACQUISITION — Information on the Land” in this announcement;
“Land Parcel C”	the land parcel of plot no. P(2021)180 located at the intersection of Baishazhou Avenue and Jiangguo Road, Wuchang District, Wuhan City, Hubei Province, the PRC (Tian Gong Phase II, Lot A) (中國湖北省武漢市武昌區白沙洲大道與江國路交匯處(天工二期A地塊)), details of which are set out in the section headed “THE BID AND THE ACQUISITION — Information on the Land” in this announcement;

“Land Use Rights Grant Contracts”	the Wuhan Municipal State-owned Land Use Rights Grant Contracts (武漢市國有土地使用權出讓合同) to be entered into pursuant to the Confirmation Letter;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“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 area);
“Project”	the property development project to be carried out on the Land through the JV Company in Wuhan City, Hubei Province, the PRC, details of which are set out in the section headed “INFORMATION ON THE PROJECT” in this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of US\$0.0025 each in the issued share capital of the Company;
“Shareholder(s)”	holders of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Wuhan Real Estate”	武漢地產集團有限責任公司 (Wuhan Real Estate Group Co., Ltd.*), a company established under the laws of the PRC with limited liability;
“Wuhan Zhenrui”	武漢臻瑞房地產有限公司 (Wuhan Zhenrui Property Co., Ltd.*), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company; and
“%”	per cent.

For the purpose of illustration only and unless otherwise stated, conversion of RMB into Hong Kong dollars in this announcement is based on the exchange rate of RMB1.00 to HK\$1.224. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

* For identification purpose only

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

Hong Kong, 21 December 2021

At the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman), Mr. Douglas H. H. SUNG (Chief Financial Officer and Chief Investment Officer) and Ms. Stephanie B. Y. LO; and the independent non-executive directors of the Company are Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY, Mr. David J. SHAW, Mr. Anthony J. L. NIGHTINGALE, Mr. Shane S. TEDJARATI and Ms. Ya Ting WU.