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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).

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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 TRANSACTION
ACQUISITION OF LAND USE RIGHTS
IN YANGPU DISTRICT, SHANGHAI, THE PRC

All capitalised terms used in this circular have the meaning set out in the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 4 to 10 of this circular.

* *For identification purposes only*

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DEFINITIONS

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

“Acquisition”	the acquisition of land use rights of the Land through Bidding for implementation of the Project;
“associate(s)”, “close associate(s)”, “controlling shareholder”, “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 by the JV Company for the acquisition of the Land from the Bureau through the Bidding;
“Bidding”	the public bidding process held by the Bureau at which the Land was offered for sale;
“Board”	the board of Directors;
“Bureau”	Shanghai Municipal Yangpu District Planning and Natural Resources Bureau* (上海市楊浦區規劃和自然資源局), a local PRC government authority, which is in charge of, among other things, the sale of land use rights of lands in Yangpu District, Shanghai, the PRC;
“Capital Commitment”	has the meaning as defined in the section headed “LETTER FROM THE BOARD — INFORMATION ON THE JV COMPANY — Funding commitment and financing” in this circular;
“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);
“Consideration”	the consideration for the Acquisition, being RMB2,376 million (equivalent to approximately HK\$2,602 million);
“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;

DEFINITIONS

“JV Company”	上海濱昌置業有限公司 (Shanghai Bin Chang Real Estate Co., Ltd.*), a company established under the laws of the PRC with limited liability and is owned as to 60% by Shanghai Fangrui and 40% by Shanghai Yangshupu;
“JV Partner(s)”	collectively, Shanghai Fangrui and Shanghai Yangshupu, and each, a “JV Partner”;
“Land”	the land parcel situated at Yangpu District, Shanghai, the PRC, the details of which are set out in the section headed “LETTER FROM THE BOARD — THE BID AND THE ACQUISITION — Information on the Land” in this circular;
“Land Use Rights Grant Contract”	the land use rights grant contract (國有建設用地使用權出讓合同) entered into between the JV Company and the Bureau in relation to the acquisition of the land use rights of the Land on 8 December 2022 pursuant to the Letter of Intent;
“Latest Practicable Date”	16 January 2023, being the latest practicable date for ascertaining certain information referred to in this circular prior to its printing;
“Letter of Intent”	the letter of intent for the grant of land use rights (國有土地使用權出讓意向書) entered into among Shanghai Fangrui, Shanghai Yangshupu and the Bureau on 1 December 2022 as a result of successfully winning the Bid;
“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 this circular, 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 Yangpu District, Shanghai, the PRC, details of which are set out in the section headed “LETTER FROM THE BOARD — INFORMATION ON THE PROJECT” in this circular;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);

DEFINITIONS

“Shanghai Fangrui”	上海房睿置業有限公司 (Shanghai Fangrui Real Estate Co., Ltd.*), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Shanghai Yangshupu”	上海楊樹浦置業有限公司 (Shanghai Yangshupu Real Estate Co., Ltd.*), a company established under the laws of the PRC with limited liability or such other entity that may be designated by Shanghai Yangshupu;
“Share(s)”	ordinary share(s) of USD0.0025 each in the issued share capital of the Company;
“Shareholder(s)”	holders of the Share(s);
“Shareholders’ Agreement”	the agreement dated 1 December 2022 entered into among Shanghai Fangrui, Shanghai Yangshupu and the JV Company in relation to, among other things, the joint venture arrangement in relation to the JV Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“USD”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

For the purpose of illustration only and unless otherwise stated, conversion of RMB into HK\$ in this circular is based on the exchange rate of RMB1.00 to HK\$1.095. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this rate or any other rate.

** For identification purposes only*

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*)
Ms. Stephanie B. Y. LO
Ms. Ying WANG (*Chief Executive Officer*)
Mr. Douglas H. H. SUNG (*Chief Financial Officer*
and Chief Investment Officer)

Independent Non-executive Directors:

Professor Gary C. BIDDLE
Dr. Roger L. McCARTHY
Mr. David J. SHAW
Mr. Anthony J. L. NIGHTINGALE
Mr. Shane S. TEDJARATI
Ms. Ya Ting WU
Mr. Albert Kong Ping NG

Registered Office:

One Nexus Way
Camana Bay
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

20 January 2023

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
ACQUISITION OF LAND USE RIGHTS
IN YANGPU DISTRICT, SHANGHAI, THE PRC

INTRODUCTION

References are made to the announcements of the Company dated 25 October 2022 and 1 December 2022, respectively, in relation to the acquisition of land use rights in Yangpu District, Shanghai, the PRC (i.e. the Acquisition).

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

LETTER FROM THE BOARD

THE BID AND THE ACQUISITION

On 1 December 2022, the JV Company has successfully won the bid of the land use rights of the Land located in Yangpu District, Shanghai, the PRC at a consideration of approximately RMB2,376 million (equivalent to approximately HK\$2,602 million).

The JV Company was established solely for the Acquisition and the development of the Land in Yangpu District, Shanghai, the PRC and is owned as to 60% by Shanghai Fangrui (an indirect wholly-owned subsidiary of the Company) and 40% by Shanghai Yangshupu. The Bureau has signed the Letter of Intent with Shanghai Fangrui and Shanghai Yangshupu on 1 December 2022 and entered into the Land Use Rights Grant Contract with the JV Company on 8 December 2022.

Details of the Acquisition are set out below:

Date of the Land Use Rights Grant Contract

8 December 2022

Parties

- (1) the Bureau, as the vendor; and
- (2) the JV Company, as the purchaser.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the 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 land parcel of 03B3-01 located at Pingliang community, Yangpu District, Shanghai, the PRC (Block 6, Pingliang Street) (中國上海市楊浦區平涼社區03B3-01地塊 (平涼街道6街坊)), which reaches Xuchang Road to the East, Yangzhou Road to the South, Fenzhou Road to the West, and Pingliang Road to the North (東至許昌路、南至揚州路、西至汾州路、北至平涼路), with a total site area of 16,993.8 square metres and a gross floor area of 23,791.32 square metres. It is permitted for residential use for a term of 70 years.

Consideration and payment terms

The Consideration for the Land was RMB2,376 million (equivalent to approximately HK\$2,602 million) and shall be paid by the JV Company as follows under the Land Use Rights Grant Contract:

- a) RMB1,188 million (equivalent to approximately HK\$1,300.8 million) (representing 50% of the Consideration) to be payable before 14 December 2022 (which was already settled by the JV Company); and

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- b) RMB1,188 million (equivalent to approximately HK\$1,300.8 million) (representing the balance of the Consideration) to be payable before 7 March 2023.

The Consideration for the Land will be settled by the JV Company with the capital contributed by the JV Partners in proportion to their equity interests in the JV Company and its internal resources. The Acquisition is expected to be completed before the second quarter of 2023.

The funding commitment of Shanghai Fangrui of the Consideration was approximately RMB1,425.6 million (equivalent to approximately HK\$1,561 million), being the pro-rata share (i.e. 60%) of the Consideration. Shanghai Fangrui intends to fund its portion of contributions to the Consideration by the Group's internal resources.

The Consideration for 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 of RMB2,376 million (equivalent to approximately HK\$2,602 million), current market conditions, location of the Land (as more particularly set out in the section headed "REASONS FOR AND BENEFITS OF THE ACQUISITION" below), and land price in the surrounding area. No independent valuation has been taken as a reference setting the bid price.

In view of the factors above, the Directors confirm that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION

Immediately upon completion of the Acquisition, there would be no material financial impact on the Group's consolidated profit or loss, and assets and liabilities (the increase in investment in the JV Company being offset by the decrease in cash balances).

INFORMATION ON THE PROJECT

The parties intend to develop the Land by constructing the Project thereon. The Project is a heritage preservation and development project that involves the development of a high-end low-density residential community.

The development of the Land is subject to certain conditions as set out in the Land Use Rights Grant Contract, including the construction of public rental housing with gross floor area of not less than 1,190 square metres and public facilities with gross floor area of not less than 780 square metres, and the preservation of heritage with gross floor area of 5,200 square metres (being classified as preservation of heritage from a design perspective and saleable under the current development plan), in accordance with government regulations.

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The earliest time for commencement of construction of the first phase of the Project is expected to be around the third quarter of 2023. The completion of the construction of the Project is expected to take place around the third quarter of 2025.

INFORMATION ON THE JV COMPANY

The JV Company was established solely for the Acquisition (which is expected to be completed before the second quarter of 2023) and the development of the Land in Yangpu District, Shanghai, the PRC pursuant to the terms of the Shareholders' Agreement and is owned as to 60% by Shanghai Fangrui (an indirect wholly-owned subsidiary of the Company) and 40% by Shanghai Yangshupu. Pursuant to the joint venture arrangement, the JV Company is expected to constitute a non-wholly owned subsidiary of the Company which will be accounted for on a consolidated basis in the accounts of the Group in accordance with the relevant accounting standards. The Board confirms that the joint venture arrangement in relation to the JV Company (including its financing and profit distribution arrangements) pursuant to the terms of the Shareholders' Agreement are on an arm's length basis, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Formation of the JV Company

On 1 December 2022, Shanghai Fangrui, Shanghai Yangshupu and the JV Company (which was incorporated on 30 November 2022) entered into the Shareholders' Agreement for the formation of the JV Company.

Purpose and principal business of the JV Company

The formation of the JV Company is for the single purpose relating to the Acquisition and the development of the Land.

The principal business of the JV Company covers, among other things, real estate development and operations, construction designs, property consultancy, property management and car-parking services.

Registered capital

The registered capital of the JV Company is expected to be RMB2,630 million (equivalent to approximately HK\$2,880 million) which will be contributed by Shanghai Fangrui and Shanghai Yangshupu as to RMB1,578 million (equivalent to approximately HK\$1,728 million) and RMB1,052 million (equivalent to approximately HK\$1,152 million), respectively. The portion payable by Shanghai Fangrui 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

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Project) (the “**Capital Commitment**”) shall not exceed RMB3,685 million (equivalent to approximately HK\$4,035 million), and shall be contributed by the JV Partners on a pro-rata basis. The Capital Commitment will be funded by, among others, the contributions to the registered capital of the JV Company by the JV Partners.

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 development of the Project and the operation of the JV Company. The amount of RMB2,211 million (equivalent to approximately HK\$2,421 million) to be contributed by Shanghai Fangrui shall be funded by internal working capital of the Group and external financing. Should the capital commitment to be contributed by Shanghai Fangrui be proposed to be exceeded the above amount in the future, the Company will comply with the applicable requirements under Chapter 14 of the Listing Rules.

Any further financing needs of the JV Company beyond the Capital Commitment shall be funded by bank loans, shareholder’s or entrusted loans or other third party financing subject to shareholders’ approval.

In case where shareholders’ guarantee is required for purpose of obtaining external financing (including bank loan facilities) for the JV Company, the JV Partners shall provide such guarantee on a pro-rata basis.

Management

The board of directors of the JV Company shall comprise of five directors, three of whom shall be nominated by Shanghai Fangrui and the other two by Shanghai Yangshupu. The chairman of the JV Company’s board of directors shall be nominated by Shanghai Fangrui and shall not be entitled to a casting vote.

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. Any proposed transfer of equity interests in the JV Company by each of the JV Partners shall be subject to the following customary transfer restrictions provided under the Shareholders’ Agreement:

- (i) Right of First Refusal — Each JV Partner shall have a right of first refusal to acquire the equity interests in the JV Company proposed to be sold by the other JV Partner under such terms as agreed between the other JV Partner and the proposed new purchaser; and

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- (ii) Tag-along Right — Each JV Partner shall have the tag-along right to participate in the proposed sale of equity interests in the JV Company by the other JV Partner under such terms as agreed between the other JV Partner and the proposed new purchaser.

Profit-sharing

The JV Company shall not make any distribution to the JV Partners until the JV Company has repaid all loan principal and interest payable at the time of distribution, and provided for the reserve required for operation of the Project or payment of other expenses as agreed by the JV Partners. 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

Situated in the Yangpu Riverside Zone, a part of the “Central Activities Zone” outlined in the “Shanghai Master Plan 2017-2035”, the Land is located in close proximity to Huangpu River and Inner-ring road Elevated Expressway with convenient access to three metro lines. The Yangpu Riverside Zone is positioned as the pilot area of Internet industry development and is currently home to the headquarters of several key players of the Internet industry. Given its location and development potential, the Land is appealing to high-net-worth individuals, and the demand for high-end residential development is expected to be on the rise.

The Group is optimistic about the long-term prospects of the Project, and considers it to be a strategic addition that will enhance the Group’s market share and influence in Shanghai’s luxury residential market. The Group anticipates that the Land will contribute good property sales income and strengthen the Group’s 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 SHANGHAI YANGSHUPU

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.

Shanghai Fangrui 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.

Shanghai Yangshupu is a company incorporated under the laws of the PRC with limited liability and is principally engaged in real estate development and operation. It is a state-owned company of which Shanghai Municipal Yangpu District State-owned Assets Supervision and Administration Commission* (上海市楊浦區國有資產監督管理委員會) is the ultimate beneficial owner.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Acquisition and the capital commitment of the Group for the formation of the JV Company under the Shareholders' Agreement (which forms part of the Consideration) exceeds 25% but is less than 100%, the Acquisition and the formation of the JV Company under the Shareholders' Agreement constitute a major transaction 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). As the Group's principal business includes property development, the Company is regarded as a qualified issuer under Rule 14.04(10B) of the Listing Rules. The JV Company was established solely for the Acquisition and the development of the Land. The joint venture arrangement in relation to the JV Company pursuant to the terms of the Shareholders' Agreement are on an arm's length basis and on normal commercial terms. The Shareholders' Agreement contains clauses that without the JV Partners' unanimous consent, (i) the nature or scope of the JV Company's business may not be changed, and if there are changes then they must still be consistent with the scope or purpose specified in the Bid documents; and (ii) the JV Company may not enter into any transactions which are not on an arm's length basis. The Board confirms that the Acquisition is in the ordinary and usual course of business of the Group, and that the terms of the Acquisition and the joint venture arrangement in relation to the JV Company (including its financing and profit distribution arrangements) pursuant to the terms of the Shareholders' Agreement 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.

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

By way of reference, the financial information of the Group for the six months ended 30 June 2022 and each of the three years ended 31 December 2019, 2020 and 2021 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.shuionland.com) respectively:

- (i) the interim report of the Company for the six months ended 30 June 2022 published on 21 September 2022 (pages 30 to 59):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0921/2022092100357.pdf>
- (ii) the annual report of the Company for the year ended 31 December 2021 published on 21 April 2022 (pages 121 to 210):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0421/2022042100435.pdf>
- (iii) the annual report of the Company for the year ended 31 December 2020 published on 20 April 2021 (pages 117 to 211):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0420/2021042000361.pdf>
- (iv) the annual report of the Company for the year ended 31 December 2019 published on 27 April 2020 (pages 113 to 222):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0427/2020042700557.pdf>

2. STATEMENT OF INDEBTEDNESS

Borrowings

At the close of business on 30 November 2022, being the latest practicable date for the purpose of determining this indebtedness of the Group prior to the printing of this circular, the Group had total borrowings of approximately RMB43,609,000,000, details of which are as follows:

- (i) senior notes of the Group with an aggregate amount of RMB13,671,000,000 were unsecured and guaranteed;
- (ii) bank borrowings of the Group with an aggregate amount of approximately RMB22,265,000,000, of which RMB10,534,000,000 were unsecured, and RMB11,731,000,000 were secured by certain buildings, investment properties, right-of-use assets, properties under development for sale, receivables and bank deposits. Amongst the foregoing bank borrowings, an aggregate amount of RMB14,777,000,000 were guaranteed; and an aggregate amount of RMB7,488,000,000 were unguaranteed;
- (iii) amount due to a non-controlling shareholder of a subsidiary of the Group with an amount of RMB25,000,000 which were unsecured and not guaranteed;
- (iv) amount due to an associate company of the Group with an amount of RMB452,000,000 which were unsecured and not guaranteed;

- (v) amounts due to fellow subsidiaries of the Group with an aggregate amount of RMB362,000,000 which were unsecured and not guaranteed;
- (vi) loans from a non-controlling shareholder of subsidiaries of the Group with an aggregate amount of RMB1,340,000,000 which were unsecured and not guaranteed; and
- (vii) loans from an associate company of the Group with an aggregate amount of RMB5,494,000,000 which were unsecured and not guaranteed.

Lease liabilities

On 30 November 2022, the Group had lease liabilities of RMB73,000,000.

Liability arising from rental guarantee arrangement

On 30 November 2022, the amount of financial liability arising from the rental guarantee arrangement was RMB28,000,000.

Contingent liabilities

In addition, the Group provided guarantees of RMB1,769 million on 30 November 2022 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. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

Save as aforementioned and apart from intra-group liabilities within the Group and normal trade business, at the close of business on 30 November 2022, the Group did not have any other outstanding borrowings, loan capital issued and outstanding or agreed to be issued, 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 STATEMENT

The Directors are of the opinion that, after taking into account the financial resources available to the Group, including internally generated funds and the available banking facilities, the present financial resources available to the Group including but not limited to cashflow generated by its principal operations, cash and cash equivalents available, 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 at least twelve months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group's accumulated contracted property sales amounted to RMB27,219 million for the year 2022, with residential property sales accounting for 95% and the remainder contributed by the sale of commercial units. The contracted property sales was mainly contributed by strong sales performance in Shanghai Panlong Tiandi, Shanghai Rui Hong Xin Cheng Ocean One (Lot 7) and Shanghai Rui Hong Xin Cheng Park Vera (Lot 167A).

The PRC's real estate market suffered a severe contraction during the COVID pandemic period since 2020. As the omicron variant weakens and COVID-19 vaccine uptake increases, the PRC's pandemic control strategies are facing a turning point. In early December 2022, the PRC released the "Notice on Further Optimizing Prevention and Control Measures to Scientifically and Accurately Limit Transmission of COVID-19 Virus", and many regions have taken steps to optimize the COVID-19 policy. Since mid-November 2022, a wave of supportive measures has been unveiled by the Chinese authorities to boost the property market. These have included a government-backed bond issuance program, quotas to support unfinished projects and easing restrictions on developers' access to pre-sale funds. The measures are set to inject new funding into the property sector. On 11 November 2022, the People's Bank of China and the China Banking and Insurance Regulatory Commission issued a 16-point plan that included an extensive range of measures to encourage financial institutions to beef up their support of homebuyers and developers, including loan repayment extensions, to ensure stable and healthy development of the country's real estate sector. It is expected these measures will have a potential positive impact on overall market sentiment and have a potentially beneficial impact on the commercial and residential real estate market in the PRC. Against this challenging and potential positive backdrop, the Group will closely monitor the host of domestic and global risks while pursuing due diligence to assess asset acquisition when the right opportunities arise.

The Group will continue to implement the Asset Light Strategy to expand its capital base by working with third party partners on new investments. The strategy enables the Group to further expand its property portfolio and lower the concentration risk, reduce its funding requirements, and build up its fee income business, thus enhancing overall shareholders' return.

The Group's vision is to be a pioneer of sustainable premium urban communities. Sustainable development is an integral part of the Group's business strategy. The Group employs a people-centric, sustainable approach to design and build master-planned communities and has a widely recognised record of accomplishment in sustainable development.

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			Total	Approximate percentage of interests to the issued share capital of the Company at the Latest Practicable Date (Note 3)
	Personal interests	Family interests	Other interests		
Mr. Vincent H.S. LO (“Mr. Lo”)	—	1,849,521 (Note 1)	4,511,756,251 (Note 2)	4,513,605,772	56.23%
Ms. Stephanie B.Y. LO (“Ms. Lo”)	—	—	4,511,756,251 (Note 2)	4,511,756,251	56.21%
Ms. Ying WANG	670,500	—	—	670,500	0.008%
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 1,725,493,996 Shares, 2,756,414,318 Shares and 29,847,937 Shares held by Shui On Properties Limited (“**SOP**”), Shui On Investment Company Limited (“**SOI**”) and New Rainbow Investments Limited (“**NRI**”) respectively whereas SOP was a wholly-owned subsidiary of SOI. SOI was an indirect wholly-owned subsidiary of SOCL. NRI was a wholly-owned subsidiary of SOCAM Development Limited (“**SOCAM**”) which in turn was held by SOCL as to 63.25% at the Latest Practicable Date. 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 the founder and a discretionary beneficiary, Ms. Lo was a discretionary beneficiary and HSBC International Trustee Limited (“**HSBC Trustee**”) was the trustee. Accordingly, Mr. Lo, Mrs. Lo, Ms. Lo, Bosrich and HSBC Trustee were deemed to be interested in such shares under Part XV of the SFO.
- (3) These percentages have been compiled based on the total number of issued shares (i.e. 8,027,265,324 shares) of the Company at the Latest Practicable Date.

(b) Long position in the shares of the associated corporation of the Company — SOCAM

Name of Directors	Number of ordinary shares			Total	Approximate percentage of interests to the issued share capital of SOCAM at the Latest Practicable Date (Note 3)
	Personal interests	Family interests	Other interests		
Mr. Lo	—	312,000 (Note 1)	236,309,000 (Note 2)	236,621,000	63.33%
Ms. Lo	—	—	236,309,000 (Note 2)	236,309,000	63.25%

Notes:

- (1) These shares were beneficially owned by Mrs. Lo, the spouse of Mr. Lo. Mr. Lo was deemed to be interested in 312,000 shares of SOCAM under Part XV of the SFO.
- (2) These shares were beneficially owned by SOCL. SOCL was owned by the Bosrich Unit Trust, the trustee of which was Bosrich. The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo was the founder and a discretionary beneficiary, Ms. Lo was a discretionary beneficiary and HSBC Trustee was the trustee. Accordingly, Mr. Lo, Mrs. Lo, Ms. Lo, Bosrich and HSBC Trustee were deemed to be interested in such shares under Part XV of the SFO.
- (3) These percentages have been compiled based on the total number of issued shares (i.e. 373,606,164 shares) of SOCAM at the Latest Practicable Date.

(c) Interests in the debentures of the associated corporation of the Company

<u>Name of Directors</u>	<u>Name of Associated Corporation</u>	<u>Nature of Interests</u>	<u>Amount of Debentures</u>
Mr. Lo	Shui On Development (Holding) Limited (“SODH”)	Founder and discretionary beneficiary of a trust	USD32,100,000 <i>(Note 1)</i>
		Family Interest	USD3,400,000 <i>(Note 2)</i>
Ms. Lo	SODH	Discretionary beneficiary of a trust	USD32,100,000 <i>(Note 1)</i>
Mr. Douglas H. H. SUNG	SODH	Personal interests	USD200,000

Notes:

- (1) These debentures were held by SOCL through its controlled corporations, comprising debentures amounting to USD1,000,000 and USD31,100,000, held by SOCAM and SOI, respectively, whereas SOCAM was held by SOCL as to 63.25% at the Latest Practicable Date. SOI was an indirect wholly-owned subsidiary of SOCL. SOCL was owned by the Bosrich Unit Trust, the trustee of which was Bosrich. The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo was the founder and a discretionary beneficiary, Ms. Lo was a discretionary beneficiary and HSBC Trustee was the trustee. Accordingly, Mr. Lo, Mrs. Lo, Ms. Lo, Bosrich and HSBC Trustee were deemed to be interested in such debentures under Part XV of the SFO.
- (2) These debentures were beneficially owned by Mrs. Lo, the spouse of Mr. Lo. Mr. Lo was deemed to be interested in such debentures under Part XV of the SFO.

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 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	Names of companies which had such disclosable interest or short position	Positions within such companies
Mr. Lo	SOCL, SOP, SOI, and NRI	director
Ms. Lo	SOCL, SOP, and SOI	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 ADVERSE CHANGE

At the Latest Practicable Date and to the best knowledge of the Directors, there was no material adverse change in the financial or trading position of the Group since 31 December 2021 (being the date to which the latest published audited financial statements of the Group were made up).

5. 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.

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 2021 (being the date to which the latest published audited financial statements of the Group were made up).

7. DIRECTORS' INTERESTS IN CONTRACTS 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.

8. COMPETING INTERESTS OF DIRECTORS

The following Directors or their associates are considered to have interests in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules as set out below:

Name of Directors	Names of the entities which are considered to compete or likely to compete with the businesses of the Group	Description of the businesses of the entities which are considered to compete with the businesses of the Group	Nature of interests of the Directors in the entity
Mr. Lo	SOCL	Property investment in the PRC	Director and controlling shareholder
Mr. Lo	SOCAM	Property investment in the PRC	Director and controlling shareholder
Mr. Lo	Great Eagle Holdings Limited	Property investment in the PRC	Director
Ms. Lo	SOCL	Property investment in the PRC	Director
Ms. Lo	SOCAM	Property investment in the PRC	Director

There is a deed of non-competition dated 30 May 2006 (the “**Deed**”) and entered into between Mr. Lo, SOCL and the Company pursuant to which Mr. Lo and SOCL have given certain undertakings to the Company, among others, that the Company is to be the flagship company of the Shui On Group (that is, SOCL and its subsidiaries and for the purpose of this section headed “Competing Interests of Directors”, excluding SOCAM and its subsidiaries) for the Shui On Group’s property development and investment business in the PRC and concerning the Shui On Group’s investment in future property development projects in the PRC. Such information has been disclosed in the Company’s prospectus dated 20 September 2006. In respect of the year ended 31 December 2021, the Company has received from each of Mr. Lo and SOCL a confirmation on compliance with the non-competition undertakings as contemplated under the Deed.

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 had any interest in a business which, either directly or indirectly, 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.

9. MATERIAL CONTRACTS

The following contracts have been entered into by any member of the Group (not being contracts entered into in the ordinary course of business) within two years preceding the date of this circular:

- (a) the capital increase agreement (the “**Capital Increase Agreement**”) entered into among Lucky Gain Limited (“**Lucky Gain**”) (being an indirect wholly-owned subsidiary of the Company), Shanghai Yongye Enterprise (Group) Co., Ltd. (the “**Shanghai JV Partner**”) and Shanghai Fu Ji Properties Co., Ltd.* (上海復基房地產有限公司) (the “**Shanghai JV Company**”) on 7 June 2021 in relation to the formation of a joint venture through the Shanghai JV Company for the purpose of carrying out the property development project at three parcels of lands in Huangpu District, Shanghai, the PRC (the “**Shanghai Lands**”), pursuant to which Lucky Gain and the Shanghai JV Partner shall pay up and contribute approximately USD202,084,730 and USD237,142,270 respectively to the registered capital of the Shanghai JV Company, details of which were set out in the announcement of the Company dated 7 June 2021 and the circular of the Company dated 23 July 2021;
- (b) the shareholders’ agreement entered into between Lucky Gain and the Shanghai JV Partner on 7 June 2021 in relation to the regulation of their respective rights and responsibilities in respect of the operation and management of the business and affairs of the Shanghai JV Company. The maximum amount of investment to be made by the Shanghai JV Company on the Shanghai Lands shall not exceed RMB15,100,000,000, which shall be contributed by Lucky Gain and the Shanghai JV Partner in proportion to their respective equity interests in the Shanghai JV Company (i.e. 50% owned by each of them upon completion of their respective contribution to the increased registered capital of the Shanghai JV Company under the Capital Increase Agreement). Details of which were set out in the announcement of the Company dated 7 June 2021 and the circular of the Company dated 23 July 2021;
- (c) 佛山市禪城區國有土地使用權儲備協議書(佛禪土儲協字[2021]2號), the land resumption agreement in respect of the land situated at the eastern side of Jian She Street* (建設街東側), Chancheng District, Foshan, the PRC (“**Land No.7**”) entered into among 佛山瑞房置業有限公司 (Fo Shan Rui Fang Property Development Co., Ltd.*) (“**Fo Shan Rui Fang**”) (a wholly-owned subsidiary of the Company), 佛山市禪城區土地儲備中心 (Foshan Chancheng District Land Reserve Center*) (“**Foshan Chancheng District Land Reserve Center**”) and 佛山市禪城區祖廟街道辦事處 (Foshan Chancheng District Zumiao Sub-district Office*) (“**Foshan Changcheng District Zumiao Sub-district Office**”) on 9 July 2021, pursuant to which Fo Shan Rui Fang has agreed to surrender Land No.7 to Foshan Chancheng District Land Reserve Center at a consideration by way of cash compensation of RMB1,111,226,308.10. Details of which were set out in the announcement of the Company dated 9 July 2021 and the circular of the Company dated 24 September 2021;

- (d) 佛山市禪城區國有土地使用權儲備協議書(佛禪土儲協字[2021]3號), the land resumption agreement in respect of the land situated at the southern side of Cheng Men Tou Road* (城門頭路南側) (being Lot 8 of the land situated at the southern side of Ren Ming Road (Liao Yuan Road)* (人民路(燎原路)南側), both sides of Zu Miao Road* (祖廟路兩側), both sides of Cheng Men Tou Road* (城門頭路兩側), northern side of Jian Xin Road (Zhao Xiang Road)* (建新路(兆祥路)北側) and both sides of Shi Dong Road* (市東路兩側), Chancheng District, Foshan, the PRC (“**Land No.8**”) entered into among 佛山瑞康天地置業有限公司 (Fo Shan Rui Kang Tian Di Property Development Co., Ltd.*) (“**Fo Shan Rui Kang Tian Di**”) (a wholly-owned subsidiary of the Company), Foshan Chancheng District Land Reserve Center and Foshan Chancheng District Zumiao Sub-district Office on 9 July 2021, pursuant to which Fo Shan Rui Kang Tian Di has agreed to surrender Land No.8 to Foshan Chancheng District Land Reserve Center at a consideration by way of cash compensation of RMB1,541,881,015.68. Details of which were set out in the announcement of the Company dated 9 July 2021 and the circular of the Company dated 24 September 2021;
- (e) the agreement dated 21 December 2021 entered into among 武漢臻瑞房地產有限公司 (Wuhan Zhenrui Property Co., Ltd.*) (“**Wuhan Zhenrui**”) (being an indirect wholly-owned subsidiary of the Company), 武漢地產集團有限責任公司 (Wuhan Real Estate Group Co., Ltd.) (“**Wuhan Real Estate**”) and 武漢城建瑞臻房地產開發有限公司 (Wuhan Chengjian Ruizhen Property Development Co. Ltd.*) (“**Wuhan JV Company**”) in relation to, among other things, the joint venture arrangement in relation to the Wuhan JV Company for the purpose of carrying out the property development project at three parcels of lands in Wuhan City, Hubei Province, the PRC (the “**Wuhan Lands**”). The maximum amount of investment to be made by the Wuhan JV Company on the Wuhan Lands shall be approximately RMB14,300,000,000, which shall be contributed by Wuhan Zhenrui and Wuhan Real Estate in proportion to their respective equity interests in the Wuhan JV Company (i.e. 50% owned by each of them). Details of which were set out in the announcement of the Company dated 21 December 2021 and the circular of the Company dated 25 January 2022; and
- (f) the Shareholders’ Agreement.

10. GENERAL

- (a) The registered office of the Company is at One Nexus Way, Camana Bay, 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 Suntera (Cayman) Limited at Suite 3204, Unit 2A, Block 3, Building D, P.O. Box 1586, Gardenia Court, Camana Bay, Grand Cayman, KY1-1100, 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 ON DISPLAY

A copy of the Letter of Intent, the Shareholders' Agreement and the Land Use Rights Grant Contract will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.shuionland.com) from the date of this circular and up to and including the date which is 14 days from the date of this circular.