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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)**

## **DISCLOSEABLE TRANSACTION FORMATION OF JOINT VENTURE**

### **FORMATION OF JOINT VENTURE**

The Board is pleased to announce that on 22 December 2020, Pacific Wide, an indirect wholly-owned subsidiary of the Company, entered into the Deed with the JV Company and the JV Partner in relation to the formation of the JV Company, whereby the JV Partner will subscribe unconditionally for 50 new shares in the JV Company at a subscription price of HK\$50 (representing a subscription price at HK\$1 per share). The JV Company will be owned as to 50% by Pacific Wide and 50% by the JV Partner upon completion of the subscription.

Upon completion of the subscription, the WFOE is expected to enter into definitive agreements in respect of the acquisition of the entire equity interest of a project company in the PRC that holds the Property. To facilitate the acquisition of the Property, it is expected that SODH will provide certain Guarantees to the Vendor and the Lender Bank.

### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the entering into of the Deed and the Guarantees, on an aggregated basis, exceed 5% but is less than 25%, the entering into of the Deed and the Guarantees constitute a discloseable transaction for the Company and are subject to announcement requirement but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 22 December 2020, Pacific Wide, an indirect wholly-owned subsidiary of the Company, entered into the Deed with the JV Company and the JV Partner in relation to the formation of the JV Company, whereby the JV Partner will subscribe unconditionally for 50 new shares in the JV Company at a subscription price of HK\$50 (representing a subscription price at HK\$1 per share). The JV Company will be owned as to 50% by Pacific Wide and 50% by the JV Partner upon completion of the subscription. Upon completion of the subscription, the WFOE is expected to enter into definitive agreements in respect of the acquisition of the entire equity interest of a project company in the PRC that holds the Property. To facilitate the acquisition of the Property, it is expected that SODH will provide certain Guarantees to the Vendor and the Lender Bank.

## **THE DEED**

The principal terms of the Deed are as follows:

Date: 22 December 2020

Parties:

1. Pacific Wide
2. JV Partner
3. JV Company

Subscription: Upon the entering into of the Deed, the JV Company is wholly-owned by Pacific Wide. The JV Partner will unconditionally subscribe for 50 new shares in the JV Company at a subscription price of HK\$50 (representing HK\$1 per share in the JV Company) in total. After completion of the subscription, the JV Company will be owned as to 50% by Pacific Wide and 50% by the JV Partner.

Upon completion of the subscription, the JV Company will be recognised as a joint venture company of the Group and its financial results, assets and liabilities will not be consolidated into the accounts of the Group.

Purpose of the JV Company and business of the JV Group:

The JV Company is the legal and beneficial owner of the WFOE which will be used to acquire the entire equity interest of a project company in the PRC that holds the Property. Following completion of the acquisition, the purposes of the JV Group is to hold, operate, lease, market, maintain, manage, improve, renovate, dispose of and sell the Property for profits and any other business or activities as permitted by the business scope of the project company and as agreed by the shareholders from time to time.

Contribution of Pacific Wide and the JV Partner:

The aggregate amount of committed contribution by the shareholders of the JV Company will not exceed RMB1,620,000,000 (equivalent to approximately HK\$1,920,911,000) which comprises (i) acquisition related committed contribution; (ii) the default and liability damages the WFOE is required to pay under the definitive agreements for the acquisition (if any); (iii) the operation expenses of the JV Company and the WFOE; and (iv) future cash contribution (the “**Committed Contribution**”). Committed Contribution shall first be satisfied by shareholders’ own funds via shareholders’ loans which are non-interest bearing.

In the event the shareholders’ loans fall short of the Committed Contribution, the chairman of the JV Company or at the reasonable request of any director of the JV Company, may request for a contribution from the shareholders on a pro rata basis and in accordance with the Deed.

The amounts of the Committed Contribution were arrived at after arm’s length negotiation among the parties to the Deed with reference to the capital requirement for investing in the Property and the working capital requirement for the management and administration of the Property (as applicable). In particular, the acquisition related committed contribution was determined with reference to the independent property valuation conducted by a property valuer and the prevailing market value of the Property.

The Company intends to satisfy such contribution by internal resources.

In the event the acquisition of the project company does not proceed, the shareholders' loans will be repaid to Pacific Wide and the JV Partner on a pro rata basis after deducting any costs already incurred in relation to the acquisition.

Board  
representation:

Any shareholder of the JV Company will be entitled to appoint one director for each whole of 25% shareholding in the JV Company. The board of directors of the JV Company will therefore comprise of four directors, two of whom will be appointed by Pacific Wide and two of whom will be appointed by the JV Partner. The chairman of the board of directors will be appointed by Pacific Wide and shall not have a casting vote. The composition of the board of directors of each member of the JV Group shall be identical.

There are also certain specific matters as set out in the Deed being reserved matters which require the approval of all directors.

Lock-up and  
transfer of  
shares:

Pacific Wide and the JV Partner are both subject to a lock-up period which commences on the date of the Deed to the date falling 60 months after the completion of the acquisition. Subject to and unless otherwise permitted by the terms and conditions of the Deed, Pacific Wide and the JV Partner must not transfer any of its shares in the JV Company to any third party during the lock-up period.

## **THE GUARANTEES**

To secure the performance of all obligations of the WFOE under the definitive agreements in respect of the acquisition of the project company that holds the Property by the WFOE and under the facility agreement with the Lender Bank, it is expected that SODH will provide certain Guarantees to the Vendor and the Lender Bank which encompass:

- (a) a guarantee provided to the Vendor for an amount not more than RMB250,000,000 (equivalent to approximately HK\$296,437,000) which commences on the date of the definitive agreements and ends two years after the date of fulfilment of the payment obligations of the WFOE arising from the acquisition of the project company under the definitive agreements; and
- (b) a guarantee provided to the Lender Bank for an amount not more than RMB725,000,000 (equivalent to approximately HK\$859,667,000) which is of a transitional nature and commences on the loan drawdown by the WFOE and ends upon registration of the first-ranking mortgage over the Property under the name of the Lender Bank.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

Formation of the Joint Venture is in line with the Company's Asset Light Strategy to increase its focus as a premier commercial real estate owner and operator. The potential acquisition of the Property offers the Joint Venture with an attractive investment opportunity to own and operate a premium grade commercial complex in one of the most prime location in Nanjing, the capital city of Jiangsu Province. Nanjing is a key economic center in the Yangtze Delta Area with strong economic fundamentals and dynamic interactions with its neighboring cities/ provinces in the region. The Property is a landmark building in Xinjiekou CBD with stable rental income and value-add potentials. The acquisition of the Property can capitalize the Company's existing asset management capabilities in Nanjing, grow the Company's commercial portfolio under management and provide enhanced financial results to the Company.

The Joint Venture with the JV Partner will provide the Company with expanded capital resources to invest into commercial property portfolio and will also provide the Company with stable, recurrent management fee income to help the Company diversifying its revenue sources.

The Directors are of the view that the provision of the Guarantees is incidental to the acquisition of the project company by the WFOE. The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Deed and the Guarantees and the transactions contemplated thereunder are entered into on normal commercial terms or better and in the ordinary and usual course of the business of the Group, fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INFORMATION OF THE PARTIES**

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.

Pacific Wide is established in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Group. It is principally engaged in investment holding.

The JV Company is incorporated in Hong Kong with limited liability and is wholly-owned by Pacific Wide at the date of this announcement. At the date hereof, the JV Company is not engaged in any business activity. As the JV Company was newly incorporated in April 2020 and has not engaged in any business activity save for holding the WFOE which also has no business activities, the JV Company and the

JV Group had no material assets and liabilities on its accounts as of the date of this announcement. Please refer to “The Deed - Purpose of the JV Company and business of the JV Group” for the principal business activity of the JV Company and the JV Group upon completion of the acquisition.

The JV Partner is a company incorporated in Hong Kong with limited liability under Grosvenor Group. Grosvenor Group is a privately-owned international property company. With a track record of over 340 years, it develops, manages and invests with a purpose of improving property and places to deliver lasting commercial and social benefit.

The Vendor is incorporated in the PRC whose principal activity is investment holding. The Vendor is the sole legal owner of the entire equity interest of the project company that holds the Property at the date of this announcement and is ultimately beneficially owned by an asset-back securities scheme, which is in turn ultimately beneficially owned as to 49.45% by China Merchant Bank and the remaining interests are owned by 11 other investors.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the JV Partner, the Vendor and the Lender Bank and each of their ultimate beneficial owners are Independent Third Parties.

**LISTING RULES IMPLICATIONS**

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**DEFINITIONS**

- “associate(s)”, each has the meaning ascribed to it in the Listing Rules;
- “subsidiary(ies)”,
- “percentage ratio(s)”
- “Board” the board of Directors;
- “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);

“Directors”	the director(s) of the Company;
“Deed”	the shareholders’ deed dated 22 December 2020 entered into among Pacific Wide, the JV Company and the JV Partner;
“Group”	the Company and its subsidiaries;
“Guarantees”	the guarantees to be provided to the Vendor and the Lender Bank as particularized in the paragraph entitled “The Guarantees” in this announcement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	an independent third party not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules;
“JV Company”	Sino Profit Development Limited, a company incorporated in Hong Kong with limited liability, which is wholly-owned by Pacific Wide upon the entering into of the Deed;
“JV Group”	(i) before completion of the acquisition, means the JV Company and the WFOE; and (ii) after completion of the acquisition, means the JV Company and its subsidiaries (including the project company);
“JV Partner”	First Globe Limited, a company incorporated in Hong Kong with limited liability;
“Lender Bank”	China Merchant Bank;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Pacific Wide”	Pacific Wide Development Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company;

“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Property”	the real estate properties located at No. 1 Hanzhong Road, Qinhuai District, Nanjing, Jiangsu, the PRC, with a total gross floor area of 109,196.46 sq. m., and consists of a 45-storey Grade A office tower and a 7-storey retail podium, and 278 underground parking lots;
“RMB”	Renminbi, the lawful currency of the PRC;
“SODH”	Shui On Development (Holding) Limited, a wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“sq. m.”	square metre, unit of area;
“Vendor”	the legal owner of the entire equity interest of the project company that holds the Property;
“WFOE”	Nanjing Maoxu Investment Co., Ltd. (南京茂旭投資有限公司), a company incorporated in the PRC with limited liability; and
“%”	per cent.

*In this announcement, amounts in RMB are converted into HK\$ on the basis of HK\$1 = RMB0.84335. The conversion rate above is for illustration purpose only and should not be taken as a representation that the above currencies could actually be converted at such rate or at all.*

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

Hong Kong, 22 December 2020

*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 Sir John R. H. BOND, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY, Mr. David J. SHAW and Mr. Anthony J. L. NIGHTINGALE.*

*\* For identification purposes only*