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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 IN QINGPU 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 3 to 7 of this circular.

* *For identification purpose only*

Hong Kong, 23 December 2019

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DEFINITIONS

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

“associate(s)”; “connected person(s)”; “percentage ratio(s); and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Bidding”	the bidding process held by Shanghai Qingpu District Planning and Natural Resources Bureau at which the Land was offered for sale;
“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);
“Director(s)”	the directors 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;
“Land”	four land parcels situated at Qingpu District, Shanghai, the PRC, details of which are set out in the section headed “Information of the Land” in this circular;
“Land Use Rights Grant Contracts”	four state-owned construction land use rights grant contracts (國有建設用地使用權出讓合同) entered into between Shanghai Qingpu District Planning and Natural Resources Bureau and Shanghai Panlong in relation to the acquisition of the land use rights of the Land on 31 October 2019;
“Latest Practicable Date”	18 December 2019, being the latest practicable date for ascertaining certain information referred to in this circular prior to its printing;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
“Shanghai Land Transaction Centre”	Shanghai Land Transaction Centre* (上海市土地交易事務中心), a government body in the PRC responsible for, among other things, land grant transactions in Shanghai, the PRC;
“Shanghai Panlong”	Shanghai Panlong Tiandi Co., Ltd.* (上海蟠龍天地有限公司), a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company;
“Shanghai Panxing”	Shanghai Panxing Management and Consultancy Co., Ltd.* (上海磐興管理諮詢有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Shanghai Qingpu District Planning and Natural Resources Bureau”	Shanghai Municipal Qingpu District Planning and Natural Resources Bureau* (上海市青浦區規劃和自然資源局), a government body in the PRC responsible for, among other things, managing the primary land market, the tendering, auction and listing-for-sale of rights to use state-owned land in Qingpu District, Shanghai, the PRC;
“Shareholder(s)”	holder(s) of the Share(s);
“Share(s)”	the ordinary share(s) of the Company with nominal value of US\$0.0025 each;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction Confirmations”	four written confirmations dated 31 October 2019 issued by Shanghai Land Transaction Centre confirming the successful biddings of the land use rights of the Land at the Bidding by Shanghai Panlong;
“Transaction”	the acquisition of the land use rights of the Land;
“sq.m.”	square metre, unit of area;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

For the purpose of this circular and for illustration purpose only, conversion of HK\$ to RMB is based on the exchange rate of HK\$1.00 = RMB0.9. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates.

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

Registered Office:

190 Elgin Avenue
George Town
Grand Cayman KY1-9005
Cayman Islands

Non-executive Director:

Mr. Frankie Y. L. WONG

Place of Business in Hong Kong:

34th Floor, Shui On Centre
6-8 Harbour Road
Wan Chai
Hong Kong

Independent Non-executive Directors:

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

23 December 2019

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
ACQUISITION OF LAND IN QINGPU DISTRICT,
SHANGHAI, THE PRC

ACQUISITION OF THE LAND

On 31 October 2019, the Board announced that Shanghai Panlong (a non-wholly owned subsidiary of the Company) succeeded in the bids of the land use rights of the Land offered for sale by Shanghai Qingpu District Planning and Natural Resources Bureau at the Bidding at an aggregate consideration of RMB3,881,490,000 (equivalent to approximately HK\$4,312,767,000) for residential development. Shanghai Land Transaction Centre has issued the Transaction Confirmations. The Land Use Rights Grant Contracts were entered into on 31 October 2019.

LETTER FROM THE BOARD

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

Information of the Land

The Land consists of four land parcels with a total gross floor area of 176,251.50 sq.m. for residential use with term of use of 70 years:

Land Parcel I is located at the east of Panlong East Road, Xujing Town, Qingpu District, Shanghai, the PRC (land parcel no.: 06-02), with a site area of 44,167.80 sq.m. and a gross floor area of 106,002.72 sq.m..

Land Parcel II is located at the west of Jingyi Road, Xujing Town, Qingpu District, Shanghai, the PRC (land parcel no.: 11A-04), with a site area of 14,418.50 sq.m. and a gross floor area of 23,069.60 sq.m..

Land Parcel III is located at the north of Weier Road, Xujing Town, Qingpu District, Shanghai, the PRC (land parcel no.: 11B-04, 11B-05), with a site area of 24,445.40 sq.m. and a gross floor area of 41,557.18 sq.m..

Land Parcel IV is located at the south of Weier Road, Xujing Town, Qingpu District, Shanghai, the PRC (land parcel no.: A05-04, A03-02), with a site area of 7,027.50 sq.m. and a gross floor area of 5,622.00 sq.m..

Development plan of the Land

The Land will be developed into residential buildings, subject to certain conditions of the Land Use Rights Grant Contracts, including (i) the residential plot ratio shall be 2.4; (ii) the building height limit shall be no more than 50 metres and no less than 24 metres and the height difference between the residential buildings shall be no more than one-third of the highest building; and (iii) the green space ratio shall comply with applicable regulations. Pursuant to the Land Use Rights Grant Contracts, commencement of construction on the Land shall be within 12 months of the transfer of the Land to Shanghai Panlong and completion of construction shall be within 48 months of the transfer of the Land to Shanghai Panlong. The earliest time for commencement of construction on the Land is expected to be around March 2020, the earliest time for completion of construction is expected to be around August 2021 and the earliest time for pre-sale of properties is expected to be around February 2021. The construction costs for developing the Land is estimated to be not more than RMB2,520,000,000 (approximately HK\$2,800,000,000), which is expected to be funded by external borrowings. Shanghai Panlong will, in accordance with practical market conditions, make adjustment to the actual timetable of the construction and development of the Land.

LETTER FROM THE BOARD

Consideration and payment terms

The consideration for each of Land Parcel I, Land Parcel II, Land Parcel III and Land Parcel IV was RMB2,098,850,000 (equivalent to approximately HK\$2,332,056,000), RMB567,510,000 (equivalent to approximately HK\$630,567,000), RMB1,002,060,000 (equivalent to approximately HK\$1,113,400,000) and RMB213,070,000 (equivalent to approximately HK\$236,744,000) respectively, which is the base price for each parcel of the Land at the Bidding. The considerations for each parcel of the Land was arrived at as a result of successful biddings of the Land by Shanghai Panlong at the Bidding which was conducted in accordance with the relevant PRC laws and regulations. Shanghai Panlong set the bid price for the Land after taking into account the (i) base price of the Bidding set by Shanghai Qingpu District Planning and Natural Resources Bureau; (ii) current property market conditions in Qingpu District, Shanghai, the PRC; (iii) strategic location and development potential of the Land; and (iv) the Land's average floor area price as compared with the land prices in the surrounding area auctioned recently. No independent valuation has been taken as reference for setting the bid price.

In view of the factors above, the Directors consider the terms of the Bidding and the consideration for the Land to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate consideration for the Land of RMB3,881,490,000 (equivalent to approximately HK\$4,312,767,000) has been paid in the following manner in accordance with the Land Use Rights Grant Contracts in respect of the Land:

Required date of payment	Required amount paid
Within 5 business days of the signing of the Land Use Rights Grant Contracts	RMB776,298,000 (equivalent to approximately HK\$862,553,000) (representing 20% of the aggregate consideration, being the deposits)
Within 30 business days of the signing of the Land Use Rights Grant Contracts	RMB3,105,192,000 (equivalent to approximately HK\$3,450,214,000) (representing 80% of the aggregate consideration, being the remaining balance of the aggregate consideration)

The consideration for the Land was financed by the Group's internal resources. The aggregate consideration for the Land has been paid in full by Shanghai Panlong on 2 December 2019 and pursuant to the Land Use Rights Grant Contracts, the Land shall be transferred to Shanghai Panlong within 15 business days of full payment of the consideration for the Land. The Directors consider that the shareholders' assets are adequately safeguarded by contractual provisions in the Land Use Rights Grant Contracts providing Shanghai Panlong with the right to compensation if the Land is not transferred to Shanghai Panlong in accordance with the Land Use Rights Grant Contracts. The Transaction is expected to be completed on or before 3 January 2020.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, at the date of this circular, each of Shanghai Qingpu District Planning and Natural Resources Bureau and its respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Land is located in the core area of the central business district of Hongqiao, and adjacent to Panlong metro station which is only one-stop away from the National Exhibition Center, the venue for hosting China International Import Expo (CIIE). With the CIIE, transportation facilities and infrastructures in the area are much improved and the area has become an attractive area for living. The significant people stream brought by the National Exhibition Centre also drives a huge demand for commercial facilities. The region is undergoing rapid development and residential property is in high demand. It is expected that the development of the Land will contribute significant revenue to the Group in coming years.

The Directors consider that the terms of the Transaction to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP

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

Shanghai Panlong is established in the PRC with limited liability for the purpose of the development of the Land. Shanghai Panlong is indirectly owned as to 80% by wholly-owned subsidiaries of the Company (including Shanghai Panxing), 10% by Shanghai West Hongqiao Business Development Co., Ltd. (上海西虹橋商務開發有限公司) (“**Shanghai West Hongqiao**”) and 10% by Shanghai Qingpu Xujing Asset Management Co., Ltd. (上海青浦徐涇資產經營管理有限公司) (“**Shanghai Qingpu Xujing**”). Shanghai West Hongqiao is a state-owned entity established in the PRC with limited liability and is principally engaged in real estate development and management. Shanghai Qingpu Xujing is incorporated in the PRC with limited liability and is principally engaged in asset management. Shanghai Qingpu Xujing is held as to 12% by Shanghai Qingpu Xujing Industry Co., Ltd. (上海青浦徐涇工業有限公司), a collective ownership entity incorporated in the PRC, and 88% by Shanghai Guanghong Industry Co., Ltd. (上海廣虹實業有限公司), a subsidiary of the PRC government with minority interests held by individuals whom are independent third parties of the Company.

Shanghai Panxing was established as a joint venture of which the Company held 49% equity interests and subsequently became a wholly-owned subsidiary of the Company on 6 September 2019 upon the exercise of a call option. Further details may be found in the announcement of the Company issued on 6 March 2018. All the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the exercise of such call option are less than 5%.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules in respect of the Transaction is 25% or more but is less than 100%, the Transaction constitutes a major transaction for the Company.

LETTER FROM THE BOARD

As one of the principal businesses of the Group is property development, the Company is regarded as a “Qualified Issuer” under Rule 14.04(10B) of the Listing Rules. As the Transaction involves an acquisition of governmental land in the PRC from a PRC Governmental Body (as defined under Rule 19A.04 of the Listing Rules) through a tender, auction or listing-for-sale governed by PRC law (as defined under Rule 19A.04 of the Listing Rules), the Transaction constitutes a Qualified Property Acquisition under Rule 14.04(10C) of the Listing Rules. The Transaction is hence subject to reporting and announcement requirements and is exempt from shareholders’ approval requirement pursuant to Rule 14.33A(1) of the Listing Rules.

The Board confirms that the Transaction is in the Group’s ordinary and usual course of business and the Board is of the view that the terms of the Transaction are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

The unaudited consolidated financial information of the Group for the six months ended 30 June 2019; and the audited consolidated financial statements of the Group (i) for the year ended 31 December 2018; (ii) for the year ended 31 December 2017; and (iii) for the year ended 31 December 2016, all of which have been published on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.shuionland.com):

- (a) the interim report of the Company for the six months ended 30 June 2019 published on 23 September 2019 (pages 33 to 65):
<http://www.hkexnews.hk/listedco/listconews/SEHK/2019/0923/LTN20190923025.pdf>
- (b) the annual report of the Company for the year ended 31 December 2018 published on 15 April 2019 (pages 125 to 255):
<http://www.hkexnews.hk/listedco/listconews/SEHK/2019/0415/LTN20190415296.pdf>
- (c) the annual report of the Company for the year ended 31 December 2017 published on 16 April 2018 (pages 121 to 227):
<http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0416/LTN20180416320.pdf>
- (d) the annual report of the Company for the year ended 31 December 2016 published on 20 April 2017 (pages 121 to 223):
<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0420/LTN20170420232.pdf>

2. STATEMENT OF INDEBTEDNESS

Borrowings

At the close of business on 31 October 2019, 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 RMB40,371,000,000, details of which are as follows:

- (i) senior notes of the Group with an aggregate carrying amount of RMB9,290,000,000 (the aggregate principal amount being approximately RMB9,254,000,000) which were unsecured and guaranteed;
- (ii) bank borrowings of the Group with an aggregate carrying amount of approximately RMB29,002,000,000 (the aggregate principal amount being approximately RMB29,178,000,000), of which RMB13,420,000,000 (the corresponding principal amount of approximately RMB13,541,000,000) were unsecured, and RMB15,582,000,000 (the corresponding principal amount being approximately RMB15,637,000,000) were secured by certain assets of the Group. Amongst these bank borrowings, borrowings with an aggregate carrying amount of RMB19,360,000,000 (the corresponding aggregate principal amount being RMB19,520,000,000) were guaranteed; and the remaining borrowings with an aggregate carrying amount of RMB9,642,000,000 (the corresponding aggregate

principal amount being RMB9,658,000,000) were unguaranteed. At 31 October 2019, bank borrowings of RMB7,530,000,000, RMB9,082,000,000, RMB7,319,000,000 and RMB5,071,000,000 will be repaid within one year, in the second year, in the third to fifth year and beyond five years, respectively;

- (iii) receipts under securitisation arrangements of the Group with a carrying amount of RMB521,000,000 (the corresponding principal amount being RMB522,000,000) which were secured and guaranteed;
- (iv) amounts due to a non-controlling shareholder of a subsidiary of the Group with a carrying amount of RMB10,000,000 which were unsecured and not guaranteed;
- (v) amounts due to an associate company of the Group with a carrying amount of RMB452,000,000 which were unsecured and not guaranteed;
- (vi) amounts due to fellow subsidiaries of the Group with an aggregate carrying amount of RMB13,000,000, which were unsecured and not guaranteed; and
- (vii) loans from a non-controlling shareholder of subsidiaries of the Group with an aggregate carrying amount of RMB1,083,000,000 which were unsecured and not guaranteed.

Lease obligations

At 31 October 2019, the Group, as a lessee, had outstanding unpaid contractual lease payments for the remainder of the relevant lease terms amounting to RMB161,000,000 in aggregate (excluding contingent rental arrangement), among which RMB19,000,000 was secured by rental deposits and/or the lessor's charge over the leased assets and unguaranteed, while the remaining RMB142,000,000 was unsecured and unguaranteed.

Mortgages and charges

At 31 October 2019, the Group's secured borrowings were secured by certain of the Group's bank deposits, investment properties, property, plant and equipment, right-of-use assets, properties under development for sale, properties held for sale, accounts receivables, benefits accrued to the relevant properties and equity interests in certain subsidiaries.

At 30 June 2019, as disclosed in the interim report of the Company for the six months ended 30 June 2019, the following assets were pledged to banks as securities to obtain certain banking facilities at the end of the six months ended 30 June 2019:

	30 June 2019
	<i>RMB'million</i>
	<i>(unaudited)</i>
Investment properties	30,649
Property, plant and equipment	75
Right-of-use assets	7
Properties under development for sale	2,783
Properties held for sale	359
Accounts receivable	40
Bank deposits	3,292
	<u><u>37,205</u></u>

Contingent liabilities

In addition, at 31 October 2019, the Group had the following contingent liabilities:

- (i) The Group provided guarantees in an aggregate amount of RMB1,192,000,000 on 31 October 2019 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 receipt of the building ownership certificates of the respective properties by the banks from the customers as a pledge to secure the mortgage loans granted.

Liabilities arising from rental guarantee arrangement

The Group disposed of a number of properties to an independent third party (the "Purchaser") in previous years. As part of the disposal, the Group also agreed to provide the Purchaser with rental guarantees whereby the Group agreed to compensate the Purchaser on a yearly basis.

The compensation is calculated from the date when the first instalment was received till January 2019 which could be further extended by the Purchaser for three times, each for a one-year period when certain conditions are met - the shortfall between 8% of the consideration receivable by the Group from the Purchaser and the net operating income to be generated by the property.

At 31 October 2019, the carrying amount of financial liabilities arising from the rental guarantee arrangement amounted to RMB378,000,000. In respect of the guarantee period from 31 October 2019 and beyond, the aggregate maximum amount which the Group could be required to settle as if there is no operating income to be generated by the disposed properties was RMB523,000,000.

Save as aforementioned and apart from intra-group liabilities within the Group and normal trade business, at the close of business on 31 October 2019, 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 payment of the consideration for the acquisition of the Land to be made to Shanghai Qingpu District Planning and Natural Resources Bureau by the Group and future development plan of the Land, the present financial resources available to the Group including but not limited to cashflow generated by its principal operations, cash and cash equivalents on hand, 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 the next twelve months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is one of the leading property developers in the PRC. For the first six months of 2019, rental and related income of the Group was RMB1,107,000,000, an increase of approximately 17% compared to RMB948,000,000 for the first half of 2018. Including the properties held by joint ventures and associates, the total revenue and related income from the property portfolio was RMB1,202,000,000, of which approximately 74% of the rental and related income was contributed by the portfolio located in Shanghai, with the remaining from other cities in the PRC.

In November 2019, the Group successfully won the land auction of a land in Changshou Community, Putuo District, Shanghai, the PRC for a consideration of RMB1,860,000,000 (equivalent to approximately HK\$2,067,000,000). The land is designated for commercial and office uses and has a total site area of 15,257.90 sq.m. for a total above ground gross floor area of 63,021.00 sq.m..

In September and November 2019, the second and third batch of Wuhan Tiandi Lot B10 were successfully launched for sale with strong demand. Rui Hong Xin Cheng Phase 8 and the remaining portion of Wuhan Optics Valley Innovation Tiandi Lot R1 had been launched for sale in late 2019. The Group will continue to launch new phases of residential properties in other projects in the PRC.

For the first eleven months of 2019, the Company's accumulated contracted property sales and other assets disposal amounted to RMB7,517,000,000, an decrease of 63% compared to the year 2018. The decrease was mainly due to absence of assets disposal in 2019 and a backend loaded residential sales launch schedule.

Various government measures such as price controls, restrictions on home purchases and granting of sales permits have continued to apply, so that the pace of residential sales has moderated in 2019. We will continue to monitor these changing trends and will quickly adapt our plans to cope with the unfolding scenarios.

The Directors are of the view that, looking forward, the PRC economy and the real estate market will continue to grow and this should in turn generate demand for the Group's for sale and for lease properties.

5. FINANCIAL IMPACT ON THE GROUP

Immediately upon completion of the acquisition of the Land, there would be no financial impact on the Group's consolidated profit and loss and assets and liabilities (the increase in properties being offset by the decrease in cash balances).

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			Interests in the underlying Shares Share options (Note 3)	Total	Approximate percentage of interests to the issued share capital of the Company at the Latest Practicable Date (Note 4)
	Personal interests	Family interests	Other interests			
Mr. Vincent H. S. LO (“ Mr. LO ”)	—	1,849,521 (Note 1)	4,611,835,751 (Note 2)	—	4,613,685,272	57.23%
Mr. Douglas H. H. SUNG	—	—	—	437,000	437,000	0.0054%
Ms. Stephanie B. Y. LO (“ Ms. LO ”)	—	—	4,611,835,751 (Note 2)	437,000	4,612,272,751	57.21%
Sir John R. H. BOND	250,000	—	—	—	250,000	0.003%
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, 2,672,990,325 Shares, 183,503,493 Shares and 29,847,937 Shares, held by Shui On Properties Limited (“SOP”), Shui On Investment Company Limited (“SOI”), Chester International Cayman Limited (“Chester International”) and New Rainbow Investments Limited (“NRI”) respectively whereas SOP and Chester International were all wholly-owned subsidiaries of SOI. NRI was a wholly-owned subsidiary of SOCAM Development Limited (“SOCAM”) which in turn was held by SOCL as to 61.94%. 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 represent the interests of share options granted to the Directors and/or their respective associate(s) for subscription of Shares of the Company under the share option scheme adopted by the Company on 8 June 2007.
- (4) These percentages have been compiled based on the total number of issued Shares of the Company (i.e. 8,062,216,324 Shares) at the Latest Practicable Date.

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

Name of Directors	Number of ordinary Shares			Total	Approximate percentage of interests to the issued share capital (Note 3)
	Personal interests	Family interests	Other Interests		
Mr. LO	—	312,000 (Note 1)	234,381,000 (Note 2)	234,693,000	62.02%
Ms. LO	—	—	234,381,000 (Note 2)	234,381,000	61.94%
Mr. Frankie Y. L. WONG	3,928,000	—	—	3,928,000	1.03%

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 under Part XV of the SFO.
- (2) These shares comprised 232,148,000 shares beneficially owned by SOCL and 2,233,000 shares held by Shui On Finance Company Limited, 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, HSBC Trustee and Bosrich were deemed to be interested in such shares under the SFO.
- (3) These percentages have been compiled based on the total number of issued shares (i.e. 378,398,164 shares) at the Latest Practicable Date.

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

Name of Director	Name of Associated Corporation	Nature of Interests	Amount of Debentures
Mr. LO	Shui On Development (Holding) Limited (“SODH”)	Founder and discretionary beneficiary of a trust	RMB50,000,000 US\$28,800,000
		Family interests	RMB35,500,000 US\$2,000,000
Mr. Douglas H. H. SUNG	SOCAM	Personal	US\$200,000
Ms. LO	SODH	Discretionary beneficiary of a trust	RMB50,000,000 US\$28,800,000

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 or the proposed 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 Director	Names of companies which had such discloseable interest or short position	Position within such companies
Mr. LO	SOCL, SOP, SOI, NRI and Boswell	Director
Ms. LO	SOCL, SOP and SOI	Director
Mr. Frankie Y. L. WONG	SOCL, SOP, SOI and Boswell	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 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.

5. 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.

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 2018 (being the date to which the latest published audited financial statements of the Group were made up).

7. COMPETING INTERESTS OF DIRECTORS

Mr. LO is an executive Director and the Chairman of the Company, as well as the ultimate controlling shareholder, chairman and chief executive officer of SOCL and its subsidiaries (excluding SOCAM and its subsidiaries) (the “**Shui On Group**”). The core businesses of the Shui On Group include property development and investment projects in Hong Kong and the PRC, as more fully described in the section headed “Relationship with the Shui On Group” of the Company’s listing prospectus dated 20 September 2006 (the “**Listing Prospectus**”). The Company has entered into a deed of non-competition dated 30 May 2006 with SOCL and Mr. LO pursuant to which SOCL and Mr. LO have severally undertaken not to compete with the business of the Company. For more details, see the section headed “Relationship with the Shui On Group” of the Listing Prospectus. In addition, Mr. LO is also the chairman and controlling shareholder of SOCAM, which is engaged in property development in the PRC.

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 (as defined in the Listing Rules) had any interest in a business which 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.

8. MATERIAL ADVERSE CHANGE

Saved as disclosed in the interim report of the Company for the six months ended 30 June 2019, at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2018 (being the date to which the latest published audited financial statements of the Group were made up).

9. MATERIAL CONTRACTS

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

- (a) the sale and purchase agreement dated 14 November 2017 entered into among Innovate Zone Group Limited (“**Innovate Zone**”), SODH, Many Gain International Limited and Yida China Holdings Limited in relation to the disposal by Innovate Zone of 61.54% of the issued share capital of Richcoast Group Limited, the offshore loans and the assignable onshore debts, and the non-assignable onshore debts, for the total transaction amount, being approximately RMB3,160,000,000, details of which were set out in the announcement of the Company dated 14 November 2017 and the circular of the Company dated 5 December 2017;
- (b) the letter of acceptance dated 14 December 2017 between 瑞安建築有限公司(Shui On Construction Co., Ltd.*) (“**SOCM**”), an indirect wholly-owned subsidiary of the Company, as main contractor and 江蘇九西建設發展有限公司 (Jiangsu Jiu Xi Development Co., Ltd.*) (“**Jiangsu Jiu Xi**”), an indirect wholly-owned subsidiary of SOCAM, as employer, pursuant to which Jiangsu Jiu Xi has confirmed the engagement of SOCM as the main contractor to carry out construction works, including (among others) foundation and main structural works, electrical and mechanical works, and interior fit-out works for Site C of a property development known as “Nanjing Scenic Villa” located in Jiangning District, Nanjing, the PRC at a total contract sum of approximately RMB34,930,000, details of which were set out in the announcement of the Company dated 14 December 2017;
- (c) the investment framework agreement (the “**Investment Framework Agreement**”) dated 19 December 2017 entered into among SODH, Hollyfield Holdings Limited, 上海丸晟實業合夥企業(有限合夥) and 上海瑞虹新城有限公司 (Shanghai Rui Hong Xin Cheng Co., Ltd.*) (“**Project Company**”) in relation to, among other things, the disposal of 21.4% of the entire equity interests in the Project Company representing 49.5% of the interests in the partnership portfolio (as defined under the Investment Framework Agreement) at an initial consideration amount of RMB3,869,000,000 (subject to adjustment), details of which were set out in the announcement of the Company dated 19 December 2017 and the circular of the Company dated 29 December 2017;
- (d) the sale and purchase agreement dated 20 December 2017 entered into between 建發房地產集團有限公司 (C&D Real Estate Corporation Limited*) and 上海澤辰房地產經營有限公司 (Shanghai Ze Chen Real Estate Co., Limited*), an indirect wholly-owned subsidiary of the Company, in relation to the acquisition of the entire equity interests in and the shareholder’s loans to 上海新灣景置業有限公司 (Shanghai Xin Wan Jing Property Limited*) at a price of approximately RMB1,172,000,000 (subject to adjustment), details of which were set out in the announcement of the Company dated 20 December 2017;

- (e) the joint venture agreement (the “**6 March 2018 Joint Venture Agreement**”) dated 6 March 2018 entered into between Shanghai Panrui Investment Management Co., Ltd.* (上海磐銳投資管理有限公司) (“**Shanghai Panrui**”), and Founder Securities Co., Ltd.* (方正證券股份有限公司) (the “**JV Partner**”), in relation to the establishment of Shanghai Panxing held as to 49% by Shanghai Panrui and 51% by the JV Partner, and the initial capital contribution of RMB2,401,000 will be satisfied by Shanghai Panrui; pursuant to the terms of the 6 March 2018 Joint Venture Agreement, the JV Partner has granted to Shanghai Panrui an option, pursuant to which Shanghai Panrui may at its discretion oblige the JV Partner to sell its entire equity interest in Shanghai Panxing to Shanghai Panrui or its designated associate(s), details of which were set out in the announcement of the Company dated 6 March 2018;
- (f) the investment framework agreement (the “**Investment Framework Agreement**”) dated 26 June 2018 entered into among SODH, Rainbow Yield Investments Limited (“**Rainbow Yield**”), Joy City Property Limited and Hill Bloom Limited (“**Hill Bloom**”) in relation to, among other things, the disposal of 50% of the entire equity interests in Colour Bridge Holdings Limited (“**Color Bridge**”) by Rainbow Yield to Hill Bloom, representing 49.5% of the interests in the partnership portfolio (as defined in the Investment Framework Agreement) at an initial consideration amount of RMB4,589,175,222 (subject to adjustment) and the grant of a put option by Rainbow Yield to Hill Bloom with which Hill Bloom may request that all (but not part) of its shares in and shareholder loans provided to Colour Bridge be transferred to Rainbow Yield upon satisfaction of certain criteria at a consideration to be determined with reference to the then net asset value attributable to shareholders of Colour Bridge, details of which were set out in the announcement of the Company dated 26 June 2018 and the circular of the Company dated 18 July 2018;
- (g) the joint venture agreement dated 5 July 2018 entered into between China Pacific Life Insurance Company Limited (“**CPIC Life**”), SODH and Shanghai Yongye Enterprise (Group) Company Limited (“**SHYY**”), in relation to the formation and the management of the joint venture company owned as to 70% by CPIC Life, 25% by SODH and 5% by SHYY, for the carrying out of property development project at land parcel no. 123, 124 and 132 situated at Huangpu District, Shanghai, the PRC, details of which were set out in the announcement of the Company dated 5 July 2018 and the circular of the Company dated 26 July 2018;
- (h) the sale and purchase agreement dated 28 December 2018 entered into between China Xintiandi and BSREP CXTD in relation to the acquisition of approximately 22% of all the issued share capital of China Xintiandi Holding Company Limited (“**CXTD**”) and the outstanding perpetual subordinated convertible securities in the principal amount of US\$100,000 issued by CXTD at the consideration of approximately HK\$4,073,780,000, details of which were set out in the announcement of the Company dated 28 December 2018 and the circular of the Company dated 20 February 2019;

- (i) the framework agreement dated 29 December 2018 entered into between Ally Victory Limited, Oasis Power Management Limited, certain wholly-owned subsidiaries of Manulife Financial Corporation and China Life Trustees Limited (collectively, the “Investors”) in relation to the formation of a joint venture to engage in the investment in properties in the PRC and the management and administration of such properties (the “Joint Venture”), details of which were set out in the announcement of the Company dated 31 December 2018;
- (j) the shareholders deed dated 29 December 2018 entered into between the Investors, SODH and a joint venture company (which has been established by the Joint Venture to invest in an office building in Huangpu District, Shanghai, the PRC known as Corporate Avenue 5) (the “JV Company”) in relation to the JV Company, details of which were set out in the announcement of the Company dated 31 December 2018;
- (k) the sale and purchase agreement dated 14 May 2019 entered into between Pacific Wise Enterprises Limited and Shui On Building Materials Limited in relation to, among other things, the acquisition of 58% of the issued voting share capital of Great Market Limited and the assignment of the Sale Shareholder Loan for a total consideration of approximately RMB147,850,000 (subject to adjustment), details of which were set out in the announcement of the Company dated 14 May 2019;
- (l) the Land Use Rights Grant Contracts; and
- (m) the land use rights grant contract dated 2 November 2019 in relation to the acquisition of the piece of land located at Plot D5-1, Unit W060102, Changshou Community, Putuo District, Shanghai, the PRC by Star Harvest Development Limited for a consideration of RMB1,860,000,000, details of which were set out in the announcement of the Company dated 1 November 2019.

10. GENERAL

- (a) The registered office of the Company is at 190 Elgin Avenue, George Town, 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 SMP Partners (Cayman) Limited, Royal Bank House - 3rd Floor, 24 Shedden Road, P.O. Box 1586, Grand Cayman, KY1-1110, 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 AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at 34th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong from the date of this circular and up to and including the date which is 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to in the section headed “Material Contracts” in this appendix;
- (c) the annual reports of the Company for the years ended 31 December 2016, 31 December 2017 and 31 December 2018;
- (d) the interim report of the Company for the six months ended 30 June 2019;
- (e) the circular of the Company dated 20 February 2019; and
- (f) this circular.