



Press Release

Shui On Land Announces Proposed Spin-off and Separate Listing of Its Commercial Investment Properties, Property Management and Asset Management Businesses

13 September 2021, Hong Kong - Shui On Land Limited (“SOL” or the “Company”, together with its subsidiaries, “the Group,” Stock Code: 272) today announced the proposed spin-off and separate listing of its commercial investment properties, property management and asset management businesses which will be operated under a standalone entity, Shui On Xintiandi (“SXTD”). SXTD has submitted an application for its listing on the Main Board of the Stock Exchange of Hong Kong.

The proposed spin-off is expected to create two independent publicly traded companies with distinct business models, unique growth strategies, and compelling investment rationales. Shui On Land intends to continue its focus in the master planning and development of mixed-use communities and properties as well as the sale of developed properties at such communities. A portfolio of the Company’s 13 completed commercial assets, including the award-winning Shanghai Xintiandi, will be transferred to SXTD which will be primarily engaged in the investment in and ownership of commercial properties as well as property management and asset management in Greater China.

The two companies will be guided by a common set of Shui On Group values and a shared vision to be a pioneer of sustainable premium urban communities in greater China. This will influence their strategic decisions and future growth along with their deep commitment to the sustainability, both environmental and social aspects, of the cities in which the companies will invest.

Two exceptionally experienced management teams will lead SOL and SXTD and they will be supported by industry-leading Boards of Directors.

Mr. Vincent H. S. Lo, Chairman of Shui On Land, said, “As we celebrate the 50th anniversary of Shui On Group and the 20th anniversary of Shanghai Xintiandi this year, we also look towards the future with enthusiasm. We have always been committed to long-term sustainable growth for our communities, and this proposed spin-off is a major step that we have taken after a rigorous review of various options to create value for our many stakeholders, including our shareholders and employees. We intend for the proposed spin-off to unlock value of the Group’s assets, to provide significant future growth opportunities for both Shui On Land and Shui On Xintiandi, and to enhance shareholder value over time.”

Specific Benefits of the Proposed Spin-off

The Board of Directors of SOL believes that the proposed spin-off will better position both SOL and SXTD for growth and deliver clear benefits for the following reasons:

Unlock value for both SOL and SXTD

A separate listing for SXTD can provide an independent platform to realize and capture the value of our commercial properties and ancillary businesses. Equity investors will be able to invest in a pure commercial property portfolio, situated primarily in Shanghai. Unlocking the value of SXTD's commercial property portfolio will in turn create value for SOL as the controlling shareholder of SXTD.

Enhance focus and clarity of the businesses post spin off

The different management teams of SOL and SXTD will be able to focus more effectively on their distinctive businesses and develop different growth strategies which will allow more efficient deployment of financial and management resources and provide investors with greater clarity and investment focus.

Enable future growth of both companies as a standalone business

SXTD will be able to independently acquire other commercial properties for the purposes of commercial property leasing and property and asset management to grow profitable business, increase rental income, improve asset value, and enhance return on equity, all of which will benefit both SXTD and SOL.

Provide financial benefits such as access to capital and flexibility

SOL and SXTD will have separate fundraising platforms in the equity and debt capital markets, which will increase financing flexibility for both entities. This will enable SXTD to independently raise capital in the future to fund its existing operations and future expansion without reliance on SOL.

SOL will be able to use proceeds to maintain a healthy gearing ratio and acquire future landbank

The proposed spin-off provides SOL with the opportunity to divest its completed commercial properties and to recycle capital, the proceeds of which can be used for future development purposes and/or maintaining SOL's healthy gearing ratio, ideally generating better returns for shareholders.

Strong Financial Foundation to Support Further Growth

The Group recently announced strong interim results for 2021, reflecting a strong recovery post COVID-19 and significant improvement in overall profitability. Through a high level of financial discipline, the Group also maintained a stable balance sheet, with net gearing ratio staying at a healthy 45%. The Company believes its strong financials and prudent capital management will enable the Group to maintain a solid foundation which will support future growth.

Transaction Details of the Proposed Spin-off

The proposed spin-off and listing will be effected by way of a Global Offering, which is expected to comprise a Hong Kong Public Offering and International Offering. After the proposed SXTD listing, SOL intends to remain a controlling shareholder of SXTD and for SXTD to continue to be a subsidiary of the SOL.

Having due regards to the interests of shareholders, it is intended that an assured entitlement to the SXTD shares will be provided to qualifying existing SOL shareholders in the form of a Preferential Offering. The Board of Directors also intends to distribute a special dividend to SOL shareholders after completion of the proposed spin-off and listing. Details of the assured entitlement and special

dividend (including the proposed amount, record date and payment date) have not yet been finalised and will be subject to various conditions including the completion of the proposed spin-off.

The proposed spin-off will be conditional on various conditions, including the approval of SOL shareholders at the EGM; approval from the Listing Committee; the final decisions of the SOL and SXTD boards; offering terms being agreed among SOL, SXTD and the underwriters; and market conditions and other considerations.

Morgan Stanley and UBS (in alphabetical order) have been appointed as the joint sponsors in the proposed spin-off. Standard Chartered Bank has been appointed as the financial advisor to SOL.

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Disclaimer

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About Shui On Land

Headquartered in Shanghai, Shui On Land (Stock Code: 272) is a pioneer of sustainable premium urban communities. As a leading commercial property-focused real estate developer, owner and asset manager in China, it has a proven track record in developing large scale, mixed-use, sustainable communities, and is the flagship property development company of the Shui On Group.

As of 30 June 2021, the Company has 12 projects in various stages of development in prime locations of major cities, with a landbank of 8.4 million sq.m. (6.1 million sq.m. of leasable and saleable GFA, and 2.3 million sq.m. of clubhouses, car parking spaces and other facilities). It is also one of the largest private commercial property owners and managers in Shanghai, with a total portfolio of 1.72 million sq.m. of office and retail premises, including its flagship Shanghai Xintiandi, which is currently under its management.

The Company was listed on the Hong Kong Stock Exchange on October 4, 2006, being the largest Chinese real estate enterprise listed that year. Shui On Land is a constituent stock of the Hang Seng

Composite Index, HSCI Composite Industry Index - Properties & Construction, Hang Seng Composite MidCap Indices as well as the Hang Seng Stock Connect HK Index.

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