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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**

**ACQUISITION OF LAND USE RIGHTS**

Reference is made to the announcement of the Company dated 25 October 2022 in respect of a potential acquisition of land. The Board is pleased to announce that 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.

**LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes 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). The Board confirms that the Acquisition is in the ordinary and usual course of business of the Group and the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Acquisition is hence subject to reporting, announcement and circular requirements but is exempt from shareholders' approval requirement pursuant to Rule 14.33A of the Listing Rules.

## **GENERAL**

A circular containing, among other things, details of the Acquisition, will be despatched to the Shareholders for information purpose only on or before 28 March 2023, as additional time is required for the Company to prepare and finalise certain information to be included in the circular.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 25 October 2022 in respect of a potential acquisition of land. The Board is pleased to announce that 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 BID AND THE ACQUISITION**

### **Date**

1 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)), East of Xuchang Road, South of Yangzhou Road, West of Fenzhou Road, North of Pingliang Road (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.

The Bureau has signed the Letter of Intent with Shanghai Fangrui and Shanghai Yangshupu on 1 December 2022. The Land Use Rights Grant Contract will be entered into in due course, and updates will be provided in the circular to be despatched to the Shareholders on or before 28 March 2023.

### **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 in accordance with the Land Use Rights Grant Contract and will be settled by the JV Company with the capital contributed by the JV Partners in proportion to their equity interests in the JV Company and its internal resources.

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, current market conditions, location of the Land, and land price in the surrounding area.

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

## **INFORMATION ON THE PROJECT**

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

## **INFORMATION ON THE JV COMPANY**

The JV Company was established solely for the Acquisition 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.

### **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 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 and external financing to be raised by the JV Company.

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.

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 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 customary transfer restrictions provided under the Shareholders' Agreement (including right of first refusal and tag-along right).

## **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 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.

## **LISTING RULES IMPLICATIONS**

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

A circular containing, among other things, details of the Acquisition, will be despatched to the Shareholders for information purpose only on or before 28 March 2023, as additional time is required for the Company to prepare and finalise certain information to be included in the circular.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of land use rights of the Land through Bidding for implementation of the Project;
“associates”, “connected persons”, “percentage ratio(s)”, “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;

“Bid”	the bid of the land use rights of the Land 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 “INFORMATION ON THE JV COMPANY — Funding commitment and financing” in this announcement;
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on the main board of the Stock Exchange (stock code: 272);
“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;
“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 “THE BID AND THE ACQUISITION — Information on the Land” in this announcement;
“Land Use Rights Grant Contract”	the land use rights grant contract (國有建設用地使用權出讓合同) to be entered into pursuant to the Letter of Intent;
“Letter of Intent”	the letter of intent (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 announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan area);
“Project”	the property development project to be carried out on the Land through the JV Company in Yangpu District, Shanghai, the PRC, details of which are set out in the section headed “INFORMATION ON THE PROJECT” in this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“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 US\$0.0025 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; and
“%”	per cent.

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

*\* For identification purposes only*

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

Hong Kong, 1 December 2022

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