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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
FORMATION OF JOINT VENTURE
FOR CARRYING OUT OF THE ZHAOJIA LOU PROJECT
IN PUJIANG TOWN, MINHANG DISTRICT, SHANGHAI, THE PRC**

FORMATION OF JOINT VENTURE

The Board is pleased to announce that on 20 April 2023, Shanghai Ruilou (being an indirect wholly-owned subsidiary of the Company) entered into the Shareholders' Agreement with, among others, Shanghai Pucheng, for the joint venture arrangement in relation to the JV Company. Where the JV Company is expected to carry out the property redevelopment project at the Land in Pujiang Town, Minhang District, Shanghai, the PRC (i.e., the Zhaojia Lou Project).

The JV Company is owned as to 90% and 10% by Shanghai Ruilou and Shanghai Pucheng respectively and is a non-wholly owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the maximum capital commitment of the Company for the Transaction exceeds 25% but is less than 100%, the Transaction constitutes a major transaction for the Company and is therefore subject to the reporting, announcement, and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, shareholders' approval may be obtained by written shareholders' approval in lieu of convening a general meeting if (a) no shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Transaction; and (b) written approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at general meetings to approve the Transaction.

At the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has any material interest in the Transaction, and therefore no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Transaction. As such, the Transaction may be approved by written Shareholders' approval in accordance with Rule 14.44 of the Listing Rules.

Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited which are controlled by Shui On Company Limited and together constitute a closely allied group of Shareholders, hold 1,725,493,996 Shares, 2,756,414,318 Shares and 29,847,937 Shares respectively, and together represent approximately 56.21% of the issued share capital of the Company at the date of this announcement. The Company has obtained the written approval of Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited on the Shareholders' Agreement and the Transaction pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting will be convened to consider the Transaction.

A circular containing, among other things, further particulars of the Shareholders' Agreement and the Transaction, is expected to be despatched to the Shareholders for information purposes only within 15 business days after the publication of this announcement, i.e., on or before 12 May 2023.

INTRODUCTION

The Board is pleased to announce that on 20 April 2023, Shanghai Ruilou (being an indirect wholly-owned subsidiary of the Company) entered into the Shareholders' Agreement with, among others, Shanghai Pucheng, for the joint venture arrangement in relation to the JV Company. Where the JV Company is expected to carry out the property redevelopment project at the Land in Pujiang Town, Minhang District, Shanghai, the PRC (i.e., the Zhaojia Lou Project).

SHAREHOLDERS' AGREEMENT

Date

20 April 2023

Parties

- (1) Shanghai Ruilou (being an indirect wholly-owned subsidiary of the Company);
- (2) Shanghai Pucheng; and
- (3) the JV Company.

To the best of the Directors' knowledge, information, and belief, having made all reasonable enquiries, Shanghai Pucheng and its ultimate beneficial owner(s) are independent third parties of the Company and its connected persons.

Purpose and principal business of the JV Company

The formation of the JV Company is for the single purpose of carrying out the Zhaojia Lou Project.

The principal business of the JV Company covers, among other things, real estate development and operations, implementation of construction works, construction designs, and property management.

Registered capital and capital commitment

The registered capital of the JV Company is RMB2,700 million (equivalent to approximately HK\$3,083 million) which will be contributed by Shanghai Ruilou and Shanghai Pucheng as to RMB2,430 million (equivalent to approximately HK\$2,775 million) and RMB270 million (equivalent to approximately HK\$308 million) respectively before 31 December 2027.

The total capital commitment to be contributed by the JV Partners to the JV Company (the "**Capital Commitment**") is approximately RMB5,167 million (equivalent to approximately HK\$5,900 million) and shall be contributed by the JV Partners on a pro-rata basis.

The respective contribution to the Capital Commitment of the JV Company by the JV Partners is determined after arm's length negotiation between the parties with reference to the funding needs of the JV Company required for the carrying out of the Zhaojia Lou Project and the operation of the JV Company. The amount of approximately RMB4,650 million (equivalent to approximately HK\$5,310 million) to be contributed by Shanghai Ruilou shall be funded by the Group's internal working capital and external financing (if appropriate).

The JV Company is owned as to 90% and 10% by Shanghai Ruilou and Shanghai Pucheng respectively and is a non-wholly owned subsidiary of the Company.

Future funding

The further financing needs of the JV Company beyond the registered capital shall be funded by bank loans and other external financings.

In the event that the above external financing is not sufficient to meet the needs of the JV Company, the JV Partners may agree, pursuant to the Shareholders' Agreement, that (a) the registered capital of the JV Company will be increased and the JV Partners will contribute additional registered capital of the JV Company; or (b) the JV Partners will advance shareholders' loans to the JV Company.

Management

The board of directors of the JV Company shall comprise five directors, four of whom shall be nominated by Shanghai Ruilou and one of whom shall be nominated by Shanghai Pucheng. The chairman of the JV Company's board of directors shall be nominated by Shanghai Ruilou.

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: (a) changing the registered capital of the JV Company; (b) changing the articles of association of the JV Company; (c) changing the nature or scope of the business of the JV Company, and if there are changes then they must still be consistent with the scope or purpose specified in the documents in respect of the future tender of the Land; and (d) entering into any transactions which are not on an arm's length basis.

Restriction on transfer of equity interests

Before completion of the sale of residential properties of the Zhaojia Lou Project, each of the JV Partners may not sell or transfer or encumber all or part of its equity interests in the JV Company without the 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:

- (a) 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
- (b) 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 made up for the losses incurred during the previous financial years and provided for the statutory surplus reserve. 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.

Termination

The Shareholders' Agreement shall be terminated in the event that (a) the Zhaojia Lou Project is terminated; (b) the JV Company becomes wholly owned by a JV Partner; (c) the JV Partners agree to such termination; (d) the JV Company is merged with another entity, acquired or dissolved; or (e) the JV Company is declared insolvent.

Upon termination of the Shareholders' Agreement, the JV Company shall be wound up and its assets shall be realised and distributed to the JV Partners in accordance with the applicable laws.

INFORMATION ON THE LAND

The Land consists of land parcels located at Pujiang Town, Minhang District, Shanghai, the PRC, which reaches Jiageng Road to the East, Yaojia Bang to the South, Huichi Road to the West, and Tan Lake to the North (東至稼耕路、南至姚家浜、西至匯馳路、北至替湖). It is expected that the Land will be mainly for a mixed-use development comprising residential, commercial, and ancillary facilities.

The Land is expected to be sold through public tenders. Subject to market conditions and internal consideration, the JV Company intends to participate in the relevant public tender of the Land and will comply with the applicable requirements under the Listing Rules as and when appropriate in the event of successful bidding of the Land or any part of it.

REASONS FOR AND BENEFITS OF THE TRANSACTION

In the past decade, Shanghai Municipal People's Government vigorously promoted urban renewal and old city transformation, which has fully driven the urbanization and economic development of Shanghai. The JV Company and the JV Partners intend to participate in the business opportunities brought about by the urbanization of Shanghai. The Zhaojia Lou Project, being a property redevelopment project, will be carried out in Pujiang Town, Minhang District, Shanghai. Such location is close to Shanghai Shenjiahu Expressway and Shanghai North-South Elevated Road and is also surrounded by two subway lines for public transportation, which makes it very convenient for commuters to travel to Shanghai city centre. The Zhaojia Lou Project will preserve the unique history and culture of Pujiang Town in Minhang District and the Land is expected to develop into a new landmark in Shanghai.

The Group is optimistic about the long-term prospects of the Zhaojia Lou Project and considers it to be a strategic addition that will enhance the Group's market share and influence in Shanghai's residential market. The Group anticipates the formation of the JV Company will further consolidate the Group's leadership in urban renewal in Shanghai, contribute to good property sales income and strengthen the Group's financial position.

The Directors (including the independent non-executive Directors) considered that the Transaction and the joint venture arrangement in relation to the JV Company (including its financing and profit distribution arrangements), which have been entered into after arm's length negotiation between the parties, are on normal commercial terms, and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE JV COMPANY

The JV Company was established under the laws of the PRC with limited liability in November 2022. As the JV Company is a newly incorporated company and has not engaged in any business activity, the JV Company had no material assets and liabilities on its accounts as of the date of this announcement. Please refer to the section headed "SHAREHOLDERS' AGREEMENT — Purpose and principal business of the JV Company" for the principal business activity of the JV Company.

INFORMATION ON THE GROUP AND SHANGHAI PUCHENG

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 Ruilou 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 property management and investment holding.

Shanghai Pucheng is a company established under the laws of the PRC with limited liability and is principally engaged in investment holding. It is a state-owned company of which The People's Government of Pujiang Town, Minhang District, Shanghai* (上海市閔行區浦江鎮人民政府) is the ultimate beneficial owner.

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date of this announcement. The Company has obtained the written approval of Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited on the Shareholders' Agreement and the Transaction pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting will be convened to consider the Transaction.

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DEFINITIONS

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

“associates”, “connected persons”, “percentage ratio(s)”, “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Capital Commitment”	has the meaning ascribed to it in the section headed “SHAREHOLDERS’ AGREEMENT — Registered capital and capital commitment” in this announcement;
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 272);
“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”	上海召樓天地有限公司 (Shanghai Zhaolou Tiandi Co., Ltd.*), a company established under the laws of the PRC with limited liability and is owned as to 90% by Shanghai Ruilou and 10% by Shanghai Pucheng;
“JV Partner(s)”	collectively, Shanghai Ruilou and Shanghai Pucheng, and each, a “JV Partner”;
“Land”	the land parcel situated at Pujiang Town, Minhang District, Shanghai, the PRC, the details of which are set out in the section headed “INFORMATION ON THE LAND” in this announcement;
“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);
“RMB”	Renminbi, the lawful currency of the PRC;
“Shanghai Pucheng”	上海浦呈投資發展有限公司 (Shanghai Pucheng Investment Development Co., Ltd.*), a company established under the laws of the PRC with limited liability;
“Shanghai Ruilou”	上海瑞樓企業管理有限公司 (Shanghai Ruilou Enterprise Management Co., Ltd.*), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“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 shareholders’ agreement dated 20 April 2023 entered into among Shanghai Ruilou, Shanghai Pucheng 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;

“Transaction”	the entering into of the Shareholders’ Agreement, together with the transactions contemplated thereunder;
“Zhaojia Lou Project”	the property redevelopment project to be carried out on the Land through the JV Company in Pujiang Town, Minhang District, Shanghai, the PRC, details of which are set out in the section headed “REASONS FOR AND BENEFITS OF THE TRANSACTION” in this announcement; and
“%”	per cent.

For illustration only and unless otherwise stated, the conversion of RMB into Hong Kong dollars in this announcement is based on the exchange rate of RMB1.00 to HK\$1.142. 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, 20 April 2023

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.