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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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  
FORMATION OF JOINT VENTURE  
FOR DEVELOPMENT OF THE TAIPINGQIAO PROJECT IN SHANGHAI**

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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 4 to 13 of this circular.

The Company has obtained written Shareholders’ approval for the Transaction pursuant to Rule 14.44 of the Listing Rules from a closely allied group of Shareholders together holding more than 50% of the voting rights at a general meeting to approve the Transaction. Accordingly, no Shareholders’ meeting will be held to approve the Transaction pursuant to Rule 14.44 of the Listing Rules. This circular is being despatched to the Shareholders for information only.

\* *For identification purpose only*

Hong Kong, 23 July 2021

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## DEFINITIONS

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

“Agreements”	collectively, the Capital Increase Agreement and the Shareholders’ Agreement
“Announcement”	the announcement of the Company dated 7 June 2021 in relation to the Transaction
“associate(s)”, “close associate(s)”, “controlling shareholder”, “connected person(s)”, “percentage ratio(s)”, “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Capital Increase Agreement”	the Capital Increase Agreement dated 7 June 2021 entered into among the JV Partner, Lucky Gain and the JV Company in relation to the formation of a joint venture through the JV Company for the purpose of carrying out the Taipingqiao Project
“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)
“Completion”	completion of the respective contribution to the increased registered capital of the JV Company by Lucky Gain and the JV Partner in accordance with the Capital Increase Agreement
“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
“Independent Third Party”	a party who is not connected person (as defined in the Listing Rules) of the Company and who together with its ultimate beneficial owner(s) are independent of the Company and the connected persons (as defined in the Listing Rules) of the Company

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## DEFINITIONS

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“JV Company”	上海復基房地產有限公司 (Shanghai Fu Ji Properties Co., Ltd.*), a company established under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company at the date of the Announcement and a 50% owned company of the Company at the Latest Practicable Date
“JV Partner”	上海永業企業(集團)有限公司 (Shanghai Yongye Enterprise (Group) Co., Ltd.), a company established under the laws of the PRC with limited liability
“Land Investment Amount”	has the meaning as defined in the paragraph headed “SHAREHOLDERS’ AGREEMENT — Financial commitment” in the section headed “LETTER FROM THE BOARD” of this circular
“Lands”	collectively, the Land Parcel 122-1, the Land Parcel 122-2 and the Land Parcel 122-3
“Land Parcel 122-1, Land Parcel 122-2 and Land Parcel 122-3”	the land parcel of lot nos.122-1, 122-2 and 122-3 with a total site area of approximately 24,067 square meters located in Huangpu District, Shanghai, the PRC, details of which are set out in the paragraph headed “INFORMATION ON THE LANDS” in the section headed “LETTER FROM THE BOARD” of this circular
“Latest Practicable Date”	16 July 2021, 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 as amended from time to time
“Lucky Gain”	Lucky Gain Limited 樂基有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Onfair”	Onfair Limited 宏輝有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China (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

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shanghai Fuxing”	上海復興建設發展有限公司 (Shanghai Fuxing Construction Development Co., Ltd.*), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the JV Partner at the Latest Practicable Date
“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 7 June 2021 entered into between Lucky Gain and the JV Partner in relation to the regulation of their respective rights and responsibilities in respect of the operation and management of the business and affairs of the JV Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taipingqiao Project”	the property development project to be carried out at the Lands through the JV Company, details of which are set out in the paragraph headed “INFORMATION ON THE TAIPINGQIAO PROJECT” in the section headed “LETTER FROM THE BOARD” of this circular
“Transaction”	the entering into of the Agreements, together with the transactions contemplated thereunder
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

*For the purpose of illustration only and unless otherwise stated, conversions of (i) US\$ into HK\$; and (ii) RMB into HK\$ in this circular are based on (i) the exchange rate of US\$1.00 to HK\$7.80; and (ii) the exchange rate of HK\$1.00 to RMB0.82575, respectively. Such conversions 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.*

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## LETTER FROM THE BOARD

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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)**

*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:*

One Nexus Way  
Camana Bay  
Grand Cayman, KY1-9005  
Cayman Islands

*Independent Non-executive Directors:*

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

*Place of Business in Hong Kong:*

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

23 July 2021

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION**  
**FORMATION OF JOINT VENTURE**  
**FOR DEVELOPMENT OF THE TAIPINGQIAO PROJECT IN SHANGHAI**

**INTRODUCTION**

On 7 June 2021, the Board announced that Lucky Gain (being an indirect wholly-owned subsidiary of the Company) entered into (a) the Capital Increase Agreement with the JV Partner and the JV Company, pursuant to which Lucky Gain and the JV Partner have agreed to form a joint venture through the JV Company for carrying out the property development project at the Lands in Huangpu District, Shanghai, the PRC (i.e. the Taipingqiao Project); and (b) the Shareholders' Agreement with the JV Partner to regulate their respective rights and responsibilities in respect of the operation and management of the business and affairs of the JV Company.

\* For identification purposes only

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## LETTER FROM THE BOARD

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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.

### **PRINCIPAL TERMS OF THE CAPITAL INCREASE AGREEMENT**

#### **Date**

7 June 2021

#### **Parties**

- (1) Lucky Gain (being an indirect wholly-owned subsidiary of the Company);
- (2) the JV Partner; and
- (3) the JV Company

#### **Formation of joint venture through the JV Company for the Taipingqiao Project**

For the purpose of carrying out the Taipingqiao Project, Lucky Gain and the JV Partner have agreed that, pursuant to the Capital Increase Agreement, the registered capital of the JV Company shall be increased from US\$35,773,000 (equivalent to approximately HK\$279,029,000) to US\$475,000,000 (equivalent to approximately HK\$3,705,000,000) in the following manners:

- (a) Lucky Gain shall pay up and contribute approximately US\$202,084,730 (equivalent to approximately HK\$1,576,261,000) to the registered capital of the JV Company; and
- (b) the JV Partner shall pay up and contribute approximately US\$237,142,270 (equivalent to approximately HK\$1,849,710,000) to the registered capital of the JV Company.

The respective contribution to the registered capital of the JV Company by Lucky Gain and the 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 carrying out of the Taipingqiao Project and the operation of the JV Company.

For further particulars of the funding needs of the JV Company required for the carrying out of the Taipingqiao Project and the operation of the JV Company, please refer to the section headed "Financial commitment" in this circular below.

#### **Contribution to registered capital of the JV Company**

Lucky Gain and the JV Partner shall contribute the increased registered capital of the JV Company pursuant to the Capital Increase Agreement by way of cash contribution.

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## LETTER FROM THE BOARD

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Within five (5) business days from the date of the issuance of the new business licence of the JV Company by Shanghai Administration for Market Regulation (上海市市場監督管理局) and completion of the filings with the relevant PRC authorities in respect of the transactions under the Capital Increase Agreement and the Shareholders' Agreement, each of Lucky Gain and the JV Partner shall contribute cash equivalent to US\$118,321,230 (equivalent to approximately HK\$922,906,000) and US\$153,378,770 (equivalent to approximately HK\$1,196,354,000) respectively to the JV Company as its increased registered capital.

The balance of the increased registered capital shall be contributed by each of Lucky Gain and the JV Partner in accordance with the notice(s) of capital contribution to be issued by the JV Company to Lucky Gain and the JV Partner respectively from time to time pursuant to the Shareholders' Agreement.

As all conditions of the Capital Increase Agreement have been fulfilled, the Completion has taken place and, on 18 June 2021, each of Lucky Gain and the JV Partner contributed cash equivalent to US\$118,321,230 (equivalent to approximately HK\$922,906,000) and US\$153,378,770 (equivalent to approximately HK\$1,196,354,000) respectively to the JV Company as its increased registered capital. In respect of the balance of the increased registered capital, each of Lucky Gain and the JV Partner will contribute their respective portions upon receiving the notice(s) from the JV Company which shall depend on the development status of the Lands and the capital required at various stages. Pursuant to the Shareholders' Agreement, each of Lucky Gain and the JV Partner shall fully pay up their respective portions of the registered capital no later than 31 December 2025.

### **Condition**

Subject to the terms of the Capital Increase Agreement, the Capital Increase Agreement is made conditional on approval by the Shareholders in accordance with the requirements of the Listing Rules.

### **Completion**

Upon Completion, the JV Company will be owned as to 50% by each of Lucky Gain and the JV Partner, and the JV Company will cease to be a subsidiary of the Group and will not be consolidated into the accounts of the Group.

### **Consolidation of Land Parcel 122-1 and Land Parcel 122-2**

Each of the Land Parcel 122-1 and the Land Parcel 122-2 which is currently owned as to 99% by Onfair and 1% by Shanghai Fuxing respectively will be consolidated with the Land Parcel 122-3 after relocation and the related relocation agreement having been completed and entered into respectively, and the relevant PRC government approvals having been obtained. It is expected that the relevant PRC government approvals could be obtained by June 2023. Such timing may be subject to change due to regulatory change, progress of the actual relocation and other unforeseen circumstances.

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## LETTER FROM THE BOARD

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In determining the capital commitment (inclusive of the increase in the registered capital to be paid-up to the JV Company) to be contributed by each of Lucky Gain and the JV Partner to the JV Company, Lucky Gain and the JV Partner have considered the development of the Lands (comprising the Land Parcel 122-1, the Land Parcel 122-2 and the Land Parcel 122-3) as a whole by having 50% interest each in the JV Company, without taking into account the capital to be contributed to each of the Land Parcel 122-1, the Land Parcel 122-2 and the Land Parcel 122-3 separately.

The value of the Lands (comprising the Land Parcel 122-1, the Land Parcel 122-2 and the Land Parcel 122-3) as a whole forms part of the capital commitment (inclusive of the increase in the registered capital to be paid-up to the JV Company) to be contributed by each of Lucky Gain and the JV Partner to the JV Company.

### **Information on the JV Company**

The JV Company was established under the laws of the PRC with limited liability in 2004. At the date of the Announcement, the JV Company had registered capital of US\$35,773,000 (equivalent to approximately HK\$279,029,000) and was owned as to 99% and 1% by Lucky Gain and the JV Partner respectively. At the Latest Practicable Date, the JV Company's registered capital has increased to US\$475,000,000 (equivalent to approximately HK\$3,705,000,000) and is owned as to 50% and 50% by Lucky Gain and the JV Partner respectively.

Based on the audited financial statements of the JV Company, the audited net asset value of the JV Company at 31 December 2020 was approximately RMB253,000,000 (equivalent to approximately HK\$306,388,000), and there was no profit or loss of the JV Company for the financial years ended 31 December 2019 and 31 December 2020 respectively.

### **PRINCIPAL TERMS OF THE SHAREHOLDERS' AGREEMENT**

#### **Date**

7 June 2021

#### **Parties**

- (1) Lucky Gain (being an indirect wholly-owned subsidiary of the Company); and
- (2) the JV Partner

#### **Principal business**

The principal business of the JV Company shall be the Taipingqiao Project, being the investment in, relocation and resettlement, development, construction, holding, management, sale and leasing of the Lands.

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## LETTER FROM THE BOARD

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### **Financial commitment**

The total investment amount of the JV Company is US\$1,425,000,000 (equivalent to approximately HK\$11,115,000,000). The board of directors of the JV Company can adjust the Land Investment Amount, however, the maximum amount of investment to be made by the JV Company on the Lands shall not exceed RMB15,100,000,000 (equivalent to approximately HK\$18,286,406,000) (the “**Land Investment Amount**”). The Land Investment Amount comprises, among other things, the relocation costs, development and construction costs. The Land Investment Amount shall be contributed by Lucky Gain and the JV Partner in proportion to their respective equity interests in the JV Company.

The respective contribution to the Land Investment Amount by Lucky Gain and the 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 carrying out of the Taipingqiao Project and the operation of the JV Company. The amount to be contributed by Lucky Gain shall be funded by internal working capital of the Group and external financing.

The Land Investment Amount will be funded, among others, as follows (i) the respective contribution to the increased registered capital of the JV Company by Lucky Gain and the JV Partner under the Capital Increase Agreement, (ii) external financing to be raised from banks and financial institutions or by way of entrustment loan, and (iii) any additional registered capital of the JV Company to be contributed by Lucky Gain and the JV Partner subsequently to meet the financing needs of the JV Company in the future.

In respect of the Land Investment Amount raised in the foregoing manner, it is expected that such Land Investment Amount will be primarily expended in the following areas to carry out the Taipingqiao Project and the operation of the JV Company: (i) approximately RMB10.4 billion (equivalent to approximately HK\$12.6 billion) would be utilised as total land cost which mainly comprises the relocation costs being approximately RMB9.2 billion (equivalent to approximately HK\$11.1 billion); and (ii) approximately RMB4 billion (equivalent to approximately HK\$4.8 billion) would be utilised as construction cost, financing cost, and other expenses.

### **Future funding**

The further financing needs of the JV Company shall be funded by external financing to be raised from banks and financial institutions or by way of entrustment loan, and Lucky Gain and the JV Partner shall provide guarantee or other security in proportion to their respective equity interests in the JV Company to guarantee or secure the external financing (if required).

In the event that the above external financing is not sufficient to meet the needs of the JV Company, the registered capital of the JV Company shall be increased and each of Lucky Gain and the JV Partner shall contribute additional registered capital of the JV Company in proportion to their respective equity interests in the JV Company.

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## LETTER FROM THE BOARD

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### Management

The board of directors of the JV Company shall comprise four directors, two of whom shall be nominated by Lucky Gain and the other two by the JV Partner. The chairman of the JV Company's board of directors shall be nominated by the JV Partner; the vice chairman of the JV Company's board of director shall be nominated by Lucky Gain. The chairman and vice chairman shall not be entitled to a casting vote in the meeting of the board of directors.

All major decisions of the JV Company require unanimous approval of all directors of the JV Company, including but not limited to, approval of the annual plan and budget of the JV Company and/or the Lands, the entering into of certain agreement or arrangement with its shareholders and/or their associates as well as any distribution of profits and the dividend policy.

The JV Company shall have two supervisors, one of whom shall be nominated by Lucky Gain and the other by the JV Partner.

### Restriction on transfer of equity interest

Each of Lucky Gain and the JV Partner may not transfer or assign 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 shall be subject to the customary transfer restrictions provided under the Shareholders' Agreement, including but not limited to the following:

- no partial transfer of equity interests in the JV Company held by the transferring shareholder of the JV Company ("**Transferring Shareholder**") is allowed;
- the Transferring Shareholder shall not violate the relevant regulations set out in the land transfer documents and the applicable laws in relation to the Lands;
- the Transferring Shareholder shall issue a written notice informing the non-transferring shareholder of the JV Company ("**Non-Transferring Shareholder**") of its intent to transfer its equity interests in the JV Company three months before issuing the Transferring Shareholder's transferring notice; and
- the Non-Transferring Shareholder is entitled to a right of first refusal and tag-along right by serving acceptance notice or tag-along notice to the Transferring Shareholder within 30 days after receiving the Transferring Shareholder's transferring notice.

### Condition

Subject to the terms of the Shareholders' Agreement, the Shareholders' Agreement shall only be effective upon completion of the filings with the relevant PRC authorities in respect of the transactions contemplated under the Capital Increase Agreement.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE LANDS

The Lands comprise the Land Parcel 122-1, the Land Parcel 122-2 and the Land Parcel 122-3 which are located in Huangpu District, Puxi, Shanghai, the PRC. The total site area of the Lands is approximately 24,067 square meters. Subject to the relevant PRC government approvals, the Lands will be mainly for mixed-use development comprising residential, commercial and ancillary facilities; and that the project's gross floor area is estimated to be 99,560 square meters. The terms of grant of the Land Parcel 122-1, Land Parcel 122-2 and Land Parcel 122-3 are 70 years expiring on 30 December 2072, 70 years expiring on 30 December 2072 and 50 years expiring on 19 June 2053, respectively. At the Latest Practicable Date, the Lands remain undeveloped.

Each of the Land Parcel 122-1 and the Land Parcel 122-2 is currently owned as to 99% by Onfair and 1% by Shanghai Fuxing respectively; and they were acquired in December 2002 at a total purchase price of approximately RMB23,550,800 (equivalent to approximately HK\$28,520,000). Such purchase price was waived by the PRC government at the time. The Land Parcel 122-3 is currently owned by the JV Company and was acquired in 2003 at a purchase price of approximately US\$9,179,700 (equivalent to approximately HK\$71,602,000). The book value of the Lands at 30 April 2021 was approximately RMB525,000,000 (equivalent to approximately HK\$635,786,000). The valuation of the Lands at 30 April 2021, as prepared by an independent valuer on an "as-is" basis is RMB542,000,000 (equivalent to approximately HK\$656,373,000). The Land Parcel 122-1 and the Land Parcel 122-2 will be consolidated with the Land Parcel 122-3 after relocation and the related relocation agreement having been completed and entered into respectively, and the relevant PRC government approvals having been obtained.

It is expected that the housing expropriation and relocation exercise will be completed within 18 months from the date of the second round of consultation on housing expropriation and relocation (which has commenced in the second quarter of 2021). Such timing may be subject to change due to regulatory change and progress of the actual relocation.

With additions of RMB6,000,000, the book value of the Lands to be held by the JV Company increased from RMB519,000,000 (audited) at 31 December 2020 (the balance sheet date) to RMB525,000,000 (unaudited) at 30 April 2021 (the valuation date).

### INFORMATION ON THE TAIPINGQIAO PROJECT

The Taipingqiao Project is located in Huangpu District, the main commercial center of Shanghai's Puxi region. The Taipingqiao Project is connected by Shanghai Metro Lines 1, 8 and 10. The Taipingqiao Project is featured with reservation of the historical texture of Shikumen alleys and transformation of the old Shikumen buildings into top luxury residences. It is expected that the Taipingqiao Project will create a unique high end international community featured with cultural heritage and modern life.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE TRANSACTION

The Taipingqiao Project is a key component of the entire Taipingqiao master plan that the Company has been developing for the past twenty (20) years. It enables the Company to develop and manage a landmark project at a prime location in the Shanghai city center so as to enjoy the sustainable growth in asset value of the development. Given the location of the Lands and the related development plan, it is expected that the Company will earn good return on the Taipingqiao Project, and that the Transaction will improve the JV Company's capital efficiency and strengthen its financial position and is also in line with the Group's asset light strategy.

The Directors (including the independent non-executive Directors) considered that the Transaction, which has been entered into after arm's length negotiation between the parties, is 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.

### FINANCIAL EFFECTS ON THE GROUP

Upon Completion and at the Latest Practicable Date, the JV Company has ceased to be a subsidiary of the Group and will not be consolidated into the account of the Group. Based on the latest valuation report with respect to the Lands, the valuation of the Lands at 30 April 2021 on an "as-is" basis was approximately RMB542,000,000 (equivalent to approximately HK\$656,373,000). It is estimated that the total assets and liabilities of the Group would not have material change upon Completion as the increase in investment in JV Company will be offset by the decrease in cash balances. In addition, there would be no financial impact on the consolidated profit or loss account.

### INFORMATION ON THE PARTIES

The principal business of the JV Company shall be the Taipingqiao Project, being the investment in, relocation and resettlement, development, construction, holding, management, sale and leasing of the Lands.

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.

Lucky Gain is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

The JV Partner is a company incorporated under the laws of the PRC with limited liability and is directly owned by State-owned Assets Supervision and Administration Commission of Shanghai Huangpu District (上海市黃浦區國有資產監督委員會). The JV Partner is principally engaged in real estate development and management, responsible for certain old area reconstruction, municipal construction, preservation protection and development of outstanding historical buildings.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the JV Partner and its ultimate beneficial owner(s) is an Independent Third Party.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the maximum capital commitment of the Company for the Transaction exceeds 25% but all applicable percentage ratios are 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 Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders have 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, holds 1,725,493,996 Shares, 2,733,949,818 Shares and 29,847,937 Shares, respectively, and together represent approximately 55.68% of the issued share capital of the Company at the Latest Practicable Date. The Company has obtained the written approval of Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited on the Agreements 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.

### RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the Agreements and the Transaction are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and would recommend the Shareholders to vote in favour of the resolution to approve the Agreements and the Transaction if it had been necessary to hold a general meeting for such purpose.

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## LETTER FROM THE BOARD

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### 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**

By way of reference, the financial information of the Group for each of the three years ended 31 December 2018, 2019 and 2020 is disclosed in the following documents which have been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.shuionland.com](http://www.shuionland.com)) respectively:

- (a) the annual report of the Company for the year ended 31 December 2020 published on 20 April 2021 (pages 117 to 211):  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0420/2021042000361.pdf>
- (b) the annual report of the Company for the year ended 31 December 2019 published on 27 April 2020 (pages 113 to 222):  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0427/2020042700557.pdf>
- (c) the annual report of the Company for the year ended 31 December 2018 published on 15 April 2019 (pages 132 to 254):  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0415/lt20190415296.pdf>

**2. STATEMENT OF INDEBTEDNESS****Borrowings**

At the close of business on 31 May 2021, 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 RMB36,404,000,000, details of which are as follows:

- (i) senior notes of the Group with an aggregate amount of RMB11,764,000,000 were unsecured and guaranteed;
- (ii) bank borrowings of the Group with an aggregate amount of approximately RMB20,943,000,000, of which RMB11,716,000,000 were unsecured, and RMB9,227,000,000 were secured. Amongst the foregoing bank borrowings, an aggregate amount of RMB15,767,000,000 were guaranteed; and an aggregate amount of RMB5,176,000,000 were unguaranteed;
- (iii) receipts under securitisation arrangements of the Group with an amount of RMB513,000,000 were secured and guaranteed;
- (iv) amount due to a non-controlling shareholder of a subsidiary of the Group with an amount of RMB9,000,000 which were unsecured and not guaranteed;
- (v) amount due to an associate company of the Group with an amount of RMB452,000,000 which were unsecured and not guaranteed;

- (vi) amount due to a joint venture company of the Group with an amount of RMB83,000,000 which were unsecured and not guaranteed;
- (vii) amounts due to fellow subsidiaries of the Group with an aggregate amount of RMB377,000,000, which were unsecured and not guaranteed;
- (viii) loans from a non-controlling shareholder of subsidiaries of the Group with an aggregate amount of RMB1,476,000,000 which were unsecured and not guaranteed; and
- (ix) loan from an associate company of the Group of RMB787,000,000 which were unsecured and not guaranteed.

### Lease liabilities

At 31 May 2021, the Group had lease liabilities of RMB86,000,000.

### Liability arising from rental guarantee arrangement

At 31 May 2021, the amount of financial liability arising from the rental guarantee arrangement was RMB168,000,000.

### Mortgages and charges

At 31 May 2021, the Group's secured borrowings were secured by certain of the Group's bank deposits, investment properties, property and equipment, right-of-use assets, properties under development for sale, receivables, benefits accrued to the relevant properties and equity interests in certain subsidiaries.

At 31 December 2020, as disclosed in the annual report of the Company for the year ended 31 December 2020, the following assets were pledged to banks as securities to obtain certain banking facilities at the end of the year ended 31 December 2020:

	<i>RMB' million</i>
Investment properties	31,592
Property and equipment	112
Right-of-use assets	6
Properties under development for sale	10,522
Receivables	77
Bank deposits	<u>1,313</u>
	<u><u>43,622</u></u>

**Contingent liabilities**

In addition, at 31 May 2021, the Group had the following contingent liabilities:

- (i) The Group provided guarantees in an aggregate amount of RMB1,222,000,000 on 31 May 2021 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.
- (ii) The Group provided a guarantee of RMB250,000,000 to a third party for two years with respect to the fulfillment of the payment obligation of a joint venture of the Group arising from the acquisition of a project company in Nanjing. The acquisition was completed in February 2021 and then the payment obligation was fulfilled by the joint venture.

Save as aforementioned and apart from intra-group liabilities within the Group and normal trade business, at the close of business on 31 May 2021, 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 financial resources available to the Group, including internally generated funds and the available banking facilities, 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's contracted property sales increased by 69% to RMB21,184,000,000 in 2020, compared to RMB12,501,000,000 in 2019, with residential property sales accounting for 99% and the remainder contributed by the sale of commercial units. The increase was due to strong sales performance in Shanghai Rui Hong Xin Cheng Parkview, Taipingqiao Lakeville Phase V, Shanghai Panlong Tiandi and Wuhan Tiandi La Riva II.

As of 31 December 2020, a total locked-in sales of RMB21.6 billion was recorded and available for delivery to customers and for recognition as profit in 2021 and beyond.

For the first quarter of 2021, the Group's contracted property sales amounted to RMB6,983,000,000, representing 242% year-on-year increase. These contracted property sales were mainly attributable from Panlong Tiandi and Taipingqiao Lakeville Phase V, which were launched in the fourth quarter of 2020, and Rui Hong Xin Cheng Ocean One which was launched in January 2021.

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 remains moderate in 2021. We will continue to monitor these changing trends and will quickly adapt our plans to cope with the unfolding scenarios.

*The following is the text of the letter and valuation report prepared for the purpose of incorporation in this circular received from Knight Frank Petty Limited, an independent property valuer, in connection with the valuation of the Lands at 30 April 2021.*



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The Directors  
Shui On Land Limited  
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333 Huai Hai Zhong Road  
Shanghai  
The PRC

23 July 2021

Dear Sirs

**Lot 122, Taipingqiao Area, Huang Pu District, Shanghai, The People's Republic of China**

In accordance with your instructions for us to value the above-mentioned property interest held by Shui On Land Limited (hereinafter referred to as the "Company") and/ or its subsidiaries (hereinafter together referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 30 April 2021.

**Basis of Valuation**

Our valuation is our opinion of the market value of the property interest, which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Market value is understood as the value of an asset or liability estimated without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In preparing our valuation report, we have complied with "The HKIS Valuation Standards 2020" issued by the Hong Kong Institute of Surveyors and "The RICS Valuation — Global Standards 2020" issued by the Royal Institution of Chartered Surveyors and the requirements contained in the relevant provisions of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

### **Valuation Methodology**

We have valued the property by Market Approach with reference to market comparable transactions. We have assumed that the property will be completed in accordance with the development proposals provided to us and the relevant approvals for the proposals have been obtained. We have also taken into account the cost of development including construction costs, finance costs, professional fees and developer's profit which duly reflects the risks associated with the development of the property.

### **Title Documents and Encumbrances**

We have been provided with copies of extracts of title documents relating to the property. However, we have not inspected the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us. We have relied on the information and legal opinion given by the Group and its PRC legal adviser, Jin Mao Partners, regarding the title and other legal matters relating to the property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restriction and outgoings of an onerous nature which could affect its value.

### **Source of Information**

We have relied to a considerable extent on the information given by the Group and the legal opinion of the Group's PRC legal adviser. We have no reason to doubt the truth and accuracy of the information provided to us by the Group and/or its PRC legal adviser which is material to the valuation. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, ownership, particulars of occupancy, floor and site areas, development proposals and all other relevant matters. Dimensions, measurements and areas included

in the valuation report are based on information contained in the documents provided to us and are therefore only approximations. We have not been able to carry out on-site measurements to verify the correctness of the site and floor areas of the property and we have assumed that the site and the floor areas shown on the documents handed to us are correct. We were also advised by the Group that no material facts have been omitted from the information provided.

### **Inspection and Structural Condition**

We have inspected the property and the inspection was carried out by our Assistant Manager, Moira Zhou in June 2021. However, we have not carried out site investigations to determine the suitability of ground conditions and services, etc for any future developments. Our valuation is prepared on the assumption that these aspects are satisfactory.

### **Identity of Property to be valued**

We exercised reasonable care and skill (but will not have an absolute obligation to the Group) to ensure that the property, identified by the property address in the instructions, is the property inspected by us and contained within our valuation report.

### **Environmental Issues**

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

### **Compliance with Relevant Ordinances and Regulations**

We have assumed that the property has been constructed, occupied and used in full compliance with, and without contravention of any ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the property upon which this report are based, any and all required licences, permits, certificates, consents, approvals and authorisation have been obtained, except only where otherwise stated.

### **Market Conditions Explanatory Note: Novel Coronavirus (COVID-19)**

The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11 March 2020, has and continues to impact many aspects of daily life and the global economy — with real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and “lockdowns” applied to varying degrees. Whilst restrictions have now been lifted in some cases, local lockdowns may continue to be deployed as necessary and the emergence of significant further outbreaks is possible.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets both locally and globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value.

### Material Valuation Uncertainty

As at the valuation date we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base our judgements. Our valuation is therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation — Global Standards. Consequently, in respect of these valuations less certainty — and a higher degree of caution — should be attached to our valuation than would normally be the case.

For the avoidance of doubt this explanatory note, including the ‘material valuation uncertainty’ declaration, does not mean that the valuation cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

### Remarks

In our valuation, Knight Frank has prepared the valuation based on information and data available to us as at the valuation date. While the current market is influenced by various policies and regulations, increased complexity in international trade tensions, geopolitics, the recent regional health issue of outbreak of Novel Coronavirus is expected in fluctuations in real estate market. It must be recognised the regional health problem, changes in policy direction, mortgage requirements, international tensions could be immediate and have sweeping impact on the real estate market apart from typical market variations. It should therefore be noted that any market violation, policy, geopolitical changes or other unexpected incidents after the valuation date may affect the value of the property.

### Currency

All money amounts stated are in Renminbi.

Our valuation report is attached.

Yours faithfully  
For and on behalf of  
Knight Frank Petty Limited

**Clement W M Leung** MFin MCIREA MHKIS MRICS RPS(GP)  
RICS Registered Valuer  
Executive Director, Head of China Valuation & Advisory

*Note: Clement W M Leung, MFin, MCIREA, MHKIS, MRICS, RPS (GP), is a qualified valuer who has about 28 years’ experience in property valuation and consultancy services in the PRC and Hong Kong.*

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 April 2021																
Lot 122 Taipingqiao Area Huang Pu District Shanghai The PRC	<p>Shanghai Taipingqiao Project is a large-scale redevelopment project and is a mixed use property development project located at the city centre of Shanghai - the Taipingqiao Area in Huang Pu District. It is located one block south of Huai Hai Zhong Road and at the intersection of Shanghai's major urban freeways.</p> <p>The property is part of Shanghai Taipingqiao Project and comprises three land lots, namely Lot 122-1, 122-2 and 122-3 (collectively named Lot 122) with a total site area of approximately 24,067 sq m. According to the information provided to us, the property will be developed into a residential and commercial development and the area details are as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>80,940</td> </tr> <tr> <td>Retail</td> <td>18,620</td> </tr> <tr> <td>Residential (Basement)</td> <td>7,500</td> </tr> <tr> <td>Retail (Basement)</td> <td>4,200</td> </tr> <tr> <td>Club house (Basement)</td> <td>2,000</td> </tr> <tr> <td>Car park (Basement) (735 nos)</td> <td><u>44,098</u></td> </tr> <tr> <td>Total:</td> <td><u>157,358</u></td> </tr> </tbody> </table> <p>The land use rights of Lot 122-1 and 122-2 of the property have been granted for a term of 70 years commencing from 31 December 2002 and expiring on 30 December 2072 for residential use whilst the land use rights of Lot 122-3 of the property have been granted for a term of 50 years for composite use (residential, commercial, office, cultural and entertainment).</p>	Use	Approximate Gross Floor Area (sq m)	Residential	80,940	Retail	18,620	Residential (Basement)	7,500	Retail (Basement)	4,200	Club house (Basement)	2,000	Car park (Basement) (735 nos)	<u>44,098</u>	Total:	<u>157,358</u>	<p>According to our site inspection, portion of the property was currently occupied by low-rise residential blocks whilst the remaining portion of the property was vacant land pending for future development.</p>	<p>RMB542,000,000 (RENMINBI FIVE HUNDRED AND FORTY TWO MILLION ONLY)</p> <p><i>(please see note 6)</i></p>
Use	Approximate Gross Floor Area (sq m)																		
Residential	80,940																		
Retail	18,620																		
Residential (Basement)	7,500																		
Retail (Basement)	4,200																		
Club house (Basement)	2,000																		
Car park (Basement) (735 nos)	<u>44,098</u>																		
Total:	<u>157,358</u>																		

*Notes:*

1. Pursuant to the Capital Increase Agreement and the Shareholders' Agreement entered into between Shanghai Yongye Enterprise (Group) Co., Ltd. and Lucky Gain Limited dated 7 June 2021, both parties agreed to form a joint venture through the JV Company. The salient conditions as stipulated in the Capital Increase Agreement and the Shareholders' Agreement are as follows:

- (i) Name of the JV Company : Shanghai Fu Ji Properties Co., Ltd. ("JV Company")
- (ii) Period of operation : 50 years from 18 January 2004
- (iii) Total investment amount : US\$1,425,000,000. The maximum amount of investment shall not exceed RMB15,100,000,000, subject to adjustment as agreed by the board of directors of the JV Company.
- (iv) Registered capital : US\$475,000,000

2. According to the information provided, the profit sharing ratio for the JV Company is 50% each for Shanghai Yongye Enterprise (Group) Co., Ltd. and Lucky Gain Limited, respectively.

3. Pursuant to the Business License with Unified Social Credit No.91310000757910188N dated 11 June 2021, the JV Company was incorporated with a registered capital of US\$475,000,000 for a valid period from 18 January 2004 to 17 January 2054.

4. Pursuant to the Contract for Grant of Shanghai State-owned Land Use Rights No Lu Fang Di Yong (2002) Chu Rang He Tong Di 37 entered into among the Shanghai Luwan District Real Estate and Land Administration Bureau ("Party A"), Onfair Limited ("Party B") and Shanghai Fuxing Construction Development Co., Ltd. ("Party C") on 31 December 2002, Party A agreed to grant the land use rights of two parcels of land (Lot 122-1 and 122-2) to Party B and Party C. The said contract contains, inter-alia, the following salient conditions:

- (i) Total site area : 12,940 sq m
- (ii) Land use : Residential
- (iii) Land use term : 70 years commencing from 31 December 2002 and expiring on 30 December 2072
- (iv) Plot ratio : not greater than 5
- (v) Land grant fee : RMB23,550,800 (According to a letter No. Hu Jian Cheng (2001) 68, the land grant fee was waived.)
- (vi) Building covenant : Construction works should be commenced before 28 February 2004 and construction works should be completed before 31 December 2007
- (vii) Remarks : resettlement cost should be borne by Party B and Party C

5. Pursuant to the Contract for Grant of Shanghai State-owned Land Use Rights No Lu Fang Di Yong (2003) Chu Rang He Tong Di 82 entered into among Party A, Lucky Gain Limited (“**Party D**”) and Party C on 20 June 2003, Party A agreed to grant the land use rights of a parcel of land (Lot 122-3) to Party D and Party C. The said contract contains, inter-alia, the following salient conditions:
- (i) Total site area : 11,127 sq m
  - (ii) Land use : Composite (residential, commercial, office, cultural and entertainment)
  - (iii) Land use term : 50 years
  - (iv) Plot ratio : not greater than 5.5
  - (v) Site coverage : not greater than 65%
  - (vi) Building height : not greater than 70 m
  - (vii) Land grant fee : US\$9,179,700
  - (viii) Building covenant : Construction works should be completed before 30 June 2007
  - (ix) Remarks : resettlement cost should be borne by Party D and Party C
6. As advised by the Company, the outstanding construction costs (including professional fees) and outstanding resettlement cost of the property were approximately RMB2,780,600,000 and RMB9,481,000,000 respectively as at the date of valuation. Accordingly, we have taken into account the aforesaid costs in our valuation. In our opinion, the gross development value of the proposed developments of the property assuming it were complete as at the valuation date, was estimated approximately as RMB18,411,000,000.
7. We have been provided with the Group’s PRC legal adviser’s opinion, which inter-alia, contains the following:
- (i) Party B and Party D legally own the land use rights of the property;
  - (ii) Party B and Party D can transfer the land use rights of the property according to relevant laws and regulations;
  - (iii) Payment for idle land fees of the property or resumption of the land use rights of the property by relevant authority do not exist; and
  - (iv) The property is free from mortgage and other encumbrances.

## 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	Total	Approximate percentage of interests to the issued share capital of the Company at the Latest Practicable Date
	Personal interests	Family interests	Other interests	Share options <i>(Note 3)</i>		
Mr. Vincent H.S. LO (“ <b>Mr. Lo</b> ”)	—	1,849,521 <i>(Note 1)</i>	4,489,291,751 <i>(Note 2)</i>	—	4,491,141,272	55.71%
Mr. Douglas H. H. SUNG (“ <b>Mr. Sung</b> ”)	—	—	—	437,000	437,000	0.0054%
Ms. Stephanie B.Y. LO (“ <b>Ms. Lo</b> ”)	—	—	4,489,291,751 <i>(Note 2)</i>	437,000	4,489,728,751	55.69%
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, 2,733,949,818 Shares and 29,847,937 Shares held by Shui On Properties Limited (“SOP”), Shui On Investment Company Limited (“SOI”) and New Rainbow Investments Limited (“NRI”) respectively whereas SOP was a wholly-owned subsidiary of SOI. NRI was a wholly-owned subsidiary of SOCAM Development Limited (“SOCAM”) which in turn was held by SOCL as to 63.04% at the Latest Practicable Date. 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 under the share option scheme adopted by the Company on 8 June 2007. These share options are exercisable within the period from 1 June 2017 to 3 July 2022 at an exercise price of HK\$1.98 per Share.
- (4) These percentages have been compiled based on the total number of issued shares (i.e. 8,062,216,324 shares) of the Company at the Latest Practicable Date.

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

Name of Director	Number of ordinary shares			Total	Approximate percentage of interests to the issued share capital of SOCAM at the Latest Practicable Date (Note 3)
	Personal interests	Family interests	Other interests		
Mr. Lo	—	312,000 (Note 1)	236,051,000 (Note 2)	236,363,000	63.13%
Ms. Lo	—	—	236,051,000 (Note 2)	236,051,000	63.04%

*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 of SOCAM under Part XV of the SFO.
- (2) These shares were beneficially owned by 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 one of the discretionary beneficiaries, Ms. Lo was a discretionary beneficiary and 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 percentages have been compiled based on the total number of issued shares (i.e. 374,396,164 shares) of SOCAM at the Latest Practicable Date.

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

<b>Name of Directors</b>	<b>Name of Associated Corporation</b>	<b>Nature of Interests</b>	<b>Amount of Debentures</b>
Mr. Lo	Shui On Development (Holding) Limited (“SODH”)	Founder and discretionary beneficiary of a trust	USD18,800,000 <i>(Note 1)</i>
		Family interests	USD3,200,000 <i>(Note 2)</i>
Mr. Sung	SODH	Personal interests	USD200,000
Ms. Lo	SODH	Discretionary beneficiary of a trust	USD18,800,000 <i>(Note 1)</i>
Mr. Shane S. TEDJARATI (“Mr. Tedjarati”)	SODH	Interests of controlled corporation	USD500,000 <i>(Note 3)</i>

*Notes:*

- (1) These debentures were held by SOI, a 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 one of the discretionary beneficiaries, Ms. Lo was a discretionary beneficiary and HSBC Trustee was the trustee. Accordingly, Mr. Lo, Mrs. Lo, Ms. Lo, Bosrich and HSBC Trustee were deemed to be interested in such debentures under Part XV of the SFO.
- (2) These debentures were beneficially owned by Mrs. Lo, the spouse of Mr. Lo. Mr. Lo was deemed to be interested in such debentures under Part XV of the SFO.
- (3) These debentures were held by Tribridge Investments Limited, which was controlled by Mr. Tedjarati. Mr. Tedjarati was deemed to be interested in such debentures under Part XV of the SFO.

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 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:

<b>Name of Directors</b>	<b>Name of companies which had such discloseable interest or short position</b>	<b>Position within such companies</b>
Mr. Lo	SOCL, SOP, SOI and NRI	director
Ms. Lo	SOCL, SOP and SOI	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 2020 (being the date to which the latest published audited financial statements of the Group were made up).

## 7. COMPETING INTERESTS OF DIRECTORS

The following Directors or their associates are considered to have interests in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules as set out below:

<b>Name of Directors</b>	<b>Name of the entities which are considered to compete or likely to compete with the businesses of the Group</b>	<b>Description of the businesses of the entities which are considered to compete with the businesses of the Group</b>	<b>Nature of interests of the Directors in the entity</b>
Mr. Lo	SOCL	Property investment in the PRC	Director and controlling shareholder
Mr. Lo	SOCAM	Property investment in the PRC	Director and controlling shareholder
Mr. Lo	Great Eagle Holdings Limited	Property investment in the PRC	Director
Ms. Lo	SOCL	Property investment in the PRC	Director
Ms. Lo	SOCAM	Property investment in the PRC	Director

There is a deed of non-competition dated 30 May 2006 (the “**Deed**”) and entered into between Mr. Lo, SOCL and the Company pursuant to which Mr. Lo and SOCL have given certain undertakings to the Company, among others, that the Company is to be the flagship company of the Shui On Group (that is, SOCL and its subsidiaries and for the purpose of this section headed “Competing Interests of Directors”, excluding SOCAM and its subsidiaries) for the Shui On Group’s property development and investment business in the PRC and concerning the Shui On Group’s investment in future property development projects in the PRC. Such information has been disclosed in the Company’s prospectus dated 20 September 2006. In respect of the year ended 31 December 2020, the Company has received from each of Mr. Lo and SOCL a confirmation on compliance with the non-competition undertakings as contemplated under the Deed.

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 had any interest in a business which, either directly or indirectly, 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**

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 2020 (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 any member of the Group (not being contracts entered into in the ordinary course of business) within two years preceding the date of this circular:

- (a) the Capital Increase Agreement; and
- (b) the Shareholders' Agreement.

**10. EXPERT AND CONSENT**

The following is the qualification of the expert who has provided opinions and advice referred to or contained in this circular:

<b>Name</b>	<b>Qualification</b>
Knight Frank Petty Limited	Independent property valuer and chartered professional surveyors

The expert above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or report and/or references to its name in the form and context in which they respectively appear. Such letter and/or report and/or references from the expert are given as of the date of this circular for incorporation herein.

**11. EXPERT'S INTEREST**

The expert above has confirmed that at the Latest Practicable Date:

- (a) it did not have any shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; and
- (b) it was not 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 2020 (being the date to which the latest published audited financial statements of the Group were made up).

**12. GENERAL**

- (a) The registered office of the Company is at One Nexus Way, Camana Bay, 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 Suntera (Cayman) Limited, Suite 3204, Unit 2A, Block 3, Building D, P.O. Box 1586, Gardenia Court, Camana Bay, Grand Cayman, KY1-1100, 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.

**13. 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 amended and restated 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 valuation report of the Lands issued by Knight Frank Petty Limited, the text of which is set out in Appendix II to this circular;
- (d) the written consent referred to in the section headed "Expert and Consent" in this appendix;
- (e) the annual reports of the Company for the years ended 31 December 2019 and 31 December 2020; and
- (f) this circular.