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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
LAND RESUMPTION**

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 12 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

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DEFINITIONS

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

“associate(s)”, “close associate(s)”, “controlling shareholder”, “connected person(s)”, “percentage ratio(s)”, “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules
“Auction”	has the meaning as defined in the paragraph headed “REASONS AND BENEFITS OF THE TRANSACTION” under the section headed “LETTER FROM THE BOARD” of this circular
“Board”	the board of Directors
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on the main board of the Stock Exchange (stock code: 272)
“Director(s)”	the directors of the Company
“Foshan Chancheng District Land Reserve Center”	Foshan Chancheng District Land Reserve Center* (佛山市禪城區土地儲備中心), a PRC government authority under Chancheng Branch of Foshan Bureau of Natural Resources* (佛山市自然資源局禪城分局)
“Foshan Chancheng District Zumiao Sub-district Office”	Foshan Chancheng District Zumiao Sub-district Office* (佛山市禪城區祖廟街道辦事處), a PRC government authority under the government of Chancheng District, Foshan* (佛山市禪城區人民政府)
“Fo Shan Rui Fang”	Fo Shan Rui Fang Property Development Co., Ltd.* (佛山瑞房置業有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Fo Shan Rui Kang Tian Di”	Fo Shan Rui Kang Tian Di Property Development Co., Ltd.* (佛山瑞康天地置業有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary 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

DEFINITIONS

“Independent Third Party(ies)”	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
“Land No.7”	the land situated at the eastern side of Jian She Street* (建設街東側), Chancheng District, Foshan, the PRC (land certificate number: Yue (2016) Fo Chan Bu Dong Chan Quan No. 0077856* (土地證號: 粵(2016) 佛禪不動產權第0077856號))
“Land No.7 Compensation”	has the meaning as defined in the paragraph headed “LAND RESUMPTION AGREEMENT NO.7 - Compensation and payment terms” under the section headed “LETTER FROM THE BOARD” of this circular
“Land No.8”	the land situated at the southern side of Cheng Men Tou Road* (城門頭路南側) (being Lot 8 of the land situated at the southern side of Ren Ming Road (Liao Yuan Road)* (人民路(燎原路)南側), both sides of Zu Miao Road* (祖廟路兩側), both sides of Cheng Men Tou Road* (城門頭路兩側), northern side of Jian Xin Road (Zhao Xiang Road)* (建新路(兆祥路)北側) and both sides of Shi Dong Road* (市東路兩側), with sales contract No: 440601-2008-100700* (出讓合同號: 440601-2008-100700)), Chancheng District, Foshan, the PRC
“Land No.8 Compensation”	has the meaning as defined in the paragraph headed “LAND RESUMPTION AGREEMENT NO.8 - Compensation and payment terms” under the section headed “LETTER FROM THE BOARD” of this circular
“Land Resumption Agreements”	Land Resumption Agreement No.7 and Land Resumption Agreement No.8 collectively
“Land Resumption Agreement No.7”	佛山市禪城區國有土地使用權儲備協議書(佛禪土儲協字[2021] 2號), the land resumption agreement in respect of Land No.7 entered into among Fo Shan Rui Fang, Foshan Chancheng District Land Reserve Center and Foshan Chancheng District Zumiao Sub-district Office on 9 July 2021

DEFINITIONS

“Land Resumption Agreement No.8”	佛山市禪城區國有土地使用權儲備協議書(佛禪土儲協字[2021] 3號), the land resumption agreement in respect of Land No.8 entered into among Fo Shan Rui Kang Tian Di, Foshan Chancheng District Land Reserve Center and Foshan Chancheng District Zumiao Sub-district Office on 9 July 2021
“Latest Practicable Date”	17 September 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
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Resumed Land”	Land No. 7 and Land No. 8 collectively
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	the ordinary share(s) of the Company with nominal value of US\$0.0025 each
“Shareholder(s)”	holder(s) of the Share(s)
“sq. m.”	square metre, unit of area
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the resumption of Land No.7 under the Land Resumption Agreement No.7 and the resumption of Land No.8 under the Land Resumption Agreement No.8
“%”	per cent.

For the purpose of this circular and for illustration purpose only, conversion of HK\$ to RMB is based on the exchange rate of HK\$1.00 = RMB0.83376. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates.

LETTER FROM THE BOARD



瑞安房地產
SHUI ON LAND

Shui On Land Limited
瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 272)

Executive Directors:

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

Registered Office:

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

24 September 2021

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
LAND RESUMPTION

INTRODUCTION

On 9 July 2021, the Board announced that (a) Fo Shan Rui Fang, a wholly-owned subsidiary of the Company, entered into the Land Resumption Agreement No.7 with Foshan Chancheng District Land Reserve Center and Foshan Chancheng District Zumiao Sub-district Office, pursuant to which Fo Shan Rui Fang has agreed to surrender Land No.7 to Foshan Chancheng District Land Reserve Center at a consideration by way of cash compensation of RMB1,111,226,308.10 (equivalent to approximately HK\$1,332,789,000.00); and (b) Fo Shan Rui Kang Tian Di, a wholly-owned subsidiary

* *For identification purposes only*

LETTER FROM THE BOARD

of the Company, entered into the Land Resumption Agreement No.8 with Foshan Chancheng District Land Reserve Center and Foshan Chancheng District Zumiao Sub-district Office, pursuant to which Fo Shan Rui Kang Tian Di has agreed to surrender Land No.8 to Foshan Chancheng District Land Reserve Center at a consideration by way of cash compensation of RMB1,541,881,015.68 (equivalent to approximately HK\$1,849,310,000.00).

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.

RESUMPTION OF LAND NO.7

On 9 July 2021, Fo Shan Rui Fang, a wholly-owned subsidiary of the Company, entered into the Land Resumption Agreement No.7 with Foshan Chancheng District Land Reserve Center and Foshan Chancheng District Zumiao Sub-district Office, pursuant to which Fo Shan Rui Fang has agreed to surrender Land No.7 to Foshan Chancheng District Land Reserve Center at a consideration by way of cash compensation of RMB1,111,226,308.10 (equivalent to approximately HK\$1,332,789,000.00).

LAND RESUMPTION AGREEMENT NO.7

The principal terms of the Land Resumption Agreement No.7 are summarised as follows:

Date

9 July 2021

Parties

- (1) Fo Shan Rui Fang;
- (2) Foshan Chancheng District Land Reserve Center; and
- (3) Foshan Chancheng District Zumiao Sub-district Office

Compensation and payment terms

The cash compensation for Land No.7 (“**Land No.7 Compensation**”) is RMB1,111,226,308.10 (equivalent to approximately HK\$1,332,789,000.00), which will be payable by Foshan Chancheng District Land Reserve Center to Fo Shan Rui Fang after a new owner has purchased Land No.7. Payment of the Land No.7 Compensation is subject to completion of the acquisition of Land No.7 by the new owner. Such new owner will pay the consideration of Land No.7 in tranches in accordance with the terms of the sale and purchase agreement to be entered into between the new owner and the

LETTER FROM THE BOARD

Foshan government and such consideration will be used to settle the Land No.7 Compensation. Within sixty (60) days after the new owner has paid a tranche of the consideration, Foshan Chancheng District Land Reserve Center shall pay Fo Shan Rui Fang such amount in accordance with the below formula:

$$\left(\frac{\text{amount to be received from the new owner of a relevant tranche}}{\text{total consideration payable by the new owner}} \right) \times \text{Land No.7 Compensation}$$

With reference to (1) an agreed valuation for Land No.7 of approximately RMB992,000,000 (equivalent to approximately HK\$1,189,791,000) based on the valuation report contained in this circular; and (2) the amount of the investment expended by the Group in Land No.7 of RMB1,008,235,735 (equivalent to approximately HK\$1,209,264,000) prior to the date of the Land Resumption Agreement No.7 as audited by an independent auditor jointly appointed by Fo Shan Rui Fang, Chancheng Branch of Foshan Bureau of Natural Resources* (佛山市自然資源局禪城分局), Foshan Chancheng District Finance Bureau* (佛山市禪城區財政局) and State-owned Assets Supervision and Administration Commission of Foshan Chancheng District* (佛山市禪城區國有資產監督管理局), the Land No.7 Compensation was determined after arm's length negotiations between Fo Shan Rui Fang and Foshan Chancheng District Land Reserve Center and thereafter was reviewed by the relevant government authority of Foshan in accordance with the laws, regulations and procedures applicable to resumption of state-owned land in Chancheng District, Foshan, the PRC. The disposal of Land No.7 to any potential new buyer by the Foshan government will be driven by the Foshan government and the timing of such disposal largely depends on the relevant initiatives and policies of the Foshan government from time to time. As such, the Company does not have a concrete view on the expected completion date of the disposal of Land No.7.

Conditions

Subject to the terms of the Land Resumption Agreement No.7, the Land Resumption Agreement No.7 shall only be effective upon approval by the Shareholders in accordance with the requirements of the Listing Rules, and the Land Resumption Agreement No.8 having taken effect.

Delivery of Land No.7

Within ninety (90) days after Fo Shan Rui Fong receives the written request from Foshan Chancheng District Land Reserve Center, Fo Shan Rui Fang shall deliver Land No.7 to Foshan Chancheng District Land Reserve Center on an "as-is" basis, and thereafter Foshan Chancheng District Zumiao Sub-district Office shall be responsible for the daily management of Land No.7 until the sale of Land No.7 to a new owner is completed.

After the Land Resumption Agreement No.7 takes effect and within thirty (30) days after Fo Shan Rui Fong receives the written request from Foshan Chancheng District Land Reserve Center, Fo Shan Rui Fang shall file for the cancellation of the registration of its ownership right of Land No.7.

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Information of Land No.7

Land No.7 comprises one parcel of land with an aggregate site area of approximately 8,109.35 sq. m. situated at the eastern side of Jian She Street* (建設街東側), Chancheng District, Foshan, the PRC, and has been approved for office and retail uses. At the Latest Practicable Date, Land No.7 remains undeveloped.

Net profit/(loss) before/after tax

The table below sets forth the net loss (both before and after tax) attributable to Land No.7 for the years ended 31 December 2019 and 2020:

	For the financial years ended 31 December	
	2019	2020
Net loss (before tax)		
RMB (million)	2	193
Approximately equivalent to		
HK\$ (million)	2	231
Net loss (after tax)		
RMB (million)	2	193
Approximately equivalent to		
HK\$ (million)	2	231

RESUMPTION OF LAND NO.8

On 9 July 2021, Fo Shan Rui Kang Tian Di, a wholly-owned subsidiary of the Company, entered into the Land Resumption Agreement No.8 with Foshan Chancheng District Land Reserve Center and Foshan Chancheng District Zumiao Sub-district Office, pursuant to which Fo Shan Rui Kang Tian Di has agreed to surrender Land No.8 to Foshan Chancheng District Land Reserve Center at a consideration by way of cash compensation of RMB1,541,881,015.68 (equivalent to approximately HK\$1,849,310,000.00).

LAND RESUMPTION AGREEMENT NO.8

The principal terms of the Land Resumption Agreement No.8 are summarised as follows:

Date

9 July 2021

LETTER FROM THE BOARD

Parties

- (1) Fo Shan Rui Kang Tian Di;
- (2) Foshan Chancheng District Land Reserve Center; and
- (3) Foshan Chancheng District Zumiao Sub-district Office

Compensation and payment terms

The cash compensation for Land No.8 (“**Land No.8 Compensation**”) is RMB1,541,881,015.68 (equivalent to approximately HK\$1,849,310,000.00), which will be payable by Foshan Chancheng District Land Reserve Center to Fo Shan Rui Kang Tian Di after a new owner has purchased Land No.8. Payment of the Land No.8 Compensation is subject to completion of the acquisition of Land No.8 by the new owner. Such new owner will pay the consideration of Land No.8 in tranches in accordance with the terms of the sale and purchase agreement to be entered into between the new owner and the Foshan government and such consideration will be used to settle the Land No.8 Compensation. Within sixty (60) days after the new owner has paid a tranche of the consideration, Foshan Chancheng District Land Reserve Center shall pay Fo Shan Rui Kang Tian Di such amount in accordance with the below formula:

$$\left(\frac{\text{amount to be received from the new owner of a relevant tranche}}{\text{total consideration payable by the new owner}} \right) \times \text{Land No.8 Compensation}$$

With reference to (1) an agreed valuation for Land No.8 of approximately RMB1,458,000,000 (equivalent to approximately HK\$1,748,705,000) based on the valuation report contained in this circular; and (2) the amount of the investment expended by the Group in Land No.8 of RMB1,474,521,039 (equivalent to approximately HK\$1,768,520,000) prior to the date of the Land Resumption Agreement No.8 as audited by an independent auditor jointly appointed by Fo Shan Rui Kang Tian Di, Chancheng Branch of Foshan Bureau of Natural Resources* (佛山市自然資源局禪城分局), Foshan Chancheng District Finance Bureau* (佛山市禪城區財政局) and State-owned Assets Supervision and Administration Commission of Foshan Chancheng District* (佛山市禪城區國有資產監督管理局), the Land No.8 Compensation was determined after arm’s length negotiations between Fo Shan Rui Kang Tian Di and Foshan Chancheng District Land Reserve Center and thereafter was reviewed by the relevant government authority of Foshan in accordance with the laws, regulations and procedures applicable to resumption of state-owned land in Chancheng District, Foshan, the PRC. The disposal of Land No.8 to any potential new buyer by the Foshan government will be driven by the Foshan government and the timing of such disposal largely depends on the relevant initiatives and policies of the Foshan government from time to time. As such, the Company does not have a concrete view on the expected completion date of the disposal of Land No.8.

Conditions

Subject to the terms of the Land Resumption Agreement No.8, the Land Resumption Agreement No.8 shall only be effective upon approval by the Shareholders in accordance with the requirements of the Listing Rules and Fo Shan Rui Kang Tian Di having obtained the land certificate of Land No.8.

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Delivery of Land No.8

Within ninety (90) days after Fo Shan Rui Kang Tian Di receives the written request from Foshan Chancheng District Land Reserve Center, Fo Shan Rui Kang Tian Di shall deliver Land No.8 to Foshan Chancheng District Land Reserve Center on an “as-is” basis, and thereafter Foshan Chancheng District Zumiao Sub-district Office shall be responsible for the daily management of Land No.8 until the sale of Land No.8 to a new owner is completed.

After the Land Resumption Agreement No.8 takes effects and within thirty (30) days after Fo Shan Rui Kang Tian Di receives the written request from Foshan Chancheng District Land Reserve Center, Fo Shan Rui Kang Tian Di shall file for the cancellation of the registration of its ownership right of Land No.8.

Information of Land No.8

Land No.8 comprises one parcel of land with an aggregate site area of approximately 16,385 sq. m. situated at the southern side of Cheng Men Tou Road* (城門頭路南側), Chancheng District, Foshan, the PRC, and has been approved for office and retail uses. At the Latest Practicable Date, Land No.8 remains undeveloped.

Net profit/(loss) before/after tax

The table below sets forth the net profits/(loss) (both before and after tax) attributable to Land No.8 for the years ended 31 December 2019 and 2020:

	For the financial years ended 31 December	
	2019	2020
Net profits/(loss) (before tax)		
RMB (million)	1	(182)
Approximately equivalent to		
HK\$ (million)	1	(218)
Net profits/(loss) (after tax)		
RMB (million)	1	(182)
Approximately equivalent to		
HK\$ (million)	1	(218)

REASONS AND BENEFITS OF THE TRANSACTION

The Resumed Land was acquired by Fo Shan Rui Fang and Fo Shan Rui Kang Tian Di in November 2007. At the time of acquisition, it was originally planned that the Resumed Land would be used for developing office and retail. As a result of the delay in the removal of the underground facility pipelines caused by various reasons, the Resumed Land remains undeveloped. Accordingly, the Board is of the view that the resumption of the Resumed Land will not have any material adverse effect on the Group’s operation management, and is in line with the Group’s Asset Light Strategy to improve its asset turnover ratio and enhance capital efficiency.

LETTER FROM THE BOARD

Further, in light of the continuing industrialisation and urbanisation of Foshan in recent years, the Foshan government is inclined to re-designate the land use of the Resumed Land and thereafter auction the Resumed Land (the “**Auction**”). Following the completion of the Transaction, the Group may participate in the Auction if the re-designation of land use by the Foshan government appears commercially viable and attractive. If the Group shall then win the Auction, the consideration to be paid may be more or may be less than the sum of the Land No.7 Compensation and the Land No.8 Compensation.

In addition, with reference to an agreed valuation for the Resumed Land based on the valuation report contained in this circular, the compensation for the Resumed Land is considered fair and reasonable.

Therefore, the Company is willing to cooperate with the Foshan government on the resumption of the Resumed Land. The Directors consider that the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

If any land acquisition in the upcoming Auction by the Group constitutes a notifiable transaction of the Company under Chapter 14 of the Listing Rules, the Company will publish an announcement in compliance with the Listing Rules as appropriate.

FINANCIAL EFFECTS ON THE GROUP

Based on the valuation report contained in this circular with respect to the Resumed Land, the net book values and valuation of Land No.7 and Land No.8 are approximately RMB992,000,000 (equivalent to approximately HK\$1,189,791,000) and approximately RMB1,458,000,000 (equivalent to approximately HK\$1,748,705,000) respectively at 30 June 2021. The cash compensation of Land No.7 and Land No.8 are approximately RMB1,111,226,308.10 (equivalent to approximately HK\$1,332,789,000.00) and RMB1,541,881,015.68 (equivalent to approximately HK\$1,849,310,000.00) respectively. Taking into account the potential tax and other expenses of approximately RMB102,000,000 (equivalent to approximately HK\$122,337,000) arising from the Transaction, it is expected that no material gain or loss will accrue to the Group as a result of the Transaction.

It is estimated that the total assets and liabilities of the Group would not have material change upon completion of the Transaction as the decrease in the value of the Resumed Land will be offset by the increase in cash balances. In addition, there would be no material financial impact on the earnings and the consolidated profit or loss account of the Group.

PROPOSED USE OF PROCEEDS

The Company currently intends that, subject to actual circumstances and decision of the Board when concrete details of proposed uses are put forward for consideration, all net proceeds from the Transaction will be used for the Group’s general working capital.

INFORMATION OF THE GROUP

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

LETTER FROM THE BOARD

Fo Shan Rui Fang, a wholly-owned subsidiary of the Company, is established in the PRC with limited liability and is principally engaged in real estate development.

Fo Shan Rui Kang Tian Di, a wholly-owned subsidiary of the Company, is established in the PRC with limited liability and is principally engaged in real estate development.

INFORMATION OF THE LOCAL GOVERNMENT AUTHORITIES

Each of Foshan Chancheng District Land Reserve Center and Foshan Chancheng District Zumiao Sub-district Office is a government authority in Foshan. For the purpose of the Transaction, Foshan Chancheng District Land Reserve Center is the local authority responsible for resumption of Land No.7 and Land No.8 as well as the organization work in relation to listing-for-sale of Land No.7 and Land No.8, whilst Foshan Chancheng District Zumiao Sub-district Office is the local authority responsible for the management of each of Land No.7 and Land No.8 before the sale of each of such land to a new owner.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, at the Latest Practicable Date, each of Foshan Chancheng District Land Reserve Center and Foshan Chancheng District Zumiao Sub-district Office is a government authority and their respective ultimate beneficial owners are Independent Third Parties.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Transaction exceeds 25% but is less than 75%, the Transaction constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is 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 has any material interest in the Transaction, and therefore none of the Shareholders 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.

LETTER FROM THE BOARD

At the Latest Practicable Date, 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, 2,733,949,818 Shares and 29,847,937 Shares respectively, and together represent approximately 55.68% of the issued share capital of the Company. The Company has obtained the written approval of Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited on the Land Resumption 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.

Shareholders and potential investors of the Company should note that the Land Resumption Agreements and the Transaction are subject to a number of conditions which are detailed in this circular. Depending on the re-designation of the land use of the Resumed Land, if the Group shall participate and win in the Auction, the consideration to be paid may be more or may be less than the sum of the Land No.7 Compensation and the Land No.8 Compensation. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the Land Resumption 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 Land Resumption Agreements and the Transaction if it had been necessary to hold a general meeting for such purpose.

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 the six months ended 30 June 2021 and for each of the three years ended 31 December 2018, 2019 and 2020 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.shuionland.com) respectively:

- (i) the interim report of the Company for the six months ended 30 June 2021 published on 17 September 2021 (pages 29 to 55):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0917/2021091700403.pdf>
- (ii) 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>
- (iii) 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>
- (iv) 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 July 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 RMB37,374,000,000, details of which are as follows:

- (i) senior notes of the Group with an aggregate amount of RMB14,630,000,000 were unsecured and guaranteed;
- (ii) bank borrowings of the Group with an aggregate amount of approximately RMB19,673,000,000, of which RMB10,367,000,000 were unsecured, and RMB9,306,000,000 were secured. Amongst the foregoing bank borrowings, an aggregate amount of RMB14,452,000,000 were guaranteed; and an aggregate amount of RMB5,221,000,000 were unguaranteed;
- (iii) amount due to a non-controlling shareholder of a subsidiary of the Group with an amount of RMB10,000,000 which were unsecured and not guaranteed;
- (iv) amount due to an associate company of the Group with an amount of RMB452,000,000 which were unsecured and not guaranteed;

- (v) amounts due to fellow subsidiaries of the Group with an aggregate amount of RMB373,000,000 which were unsecured and not guaranteed;
- (vi) loans from a non-controlling shareholder of subsidiaries of the Group with an aggregate amount of RMB1,444,000,000 which were unsecured and not guaranteed; and
- (vii) loan from an associate company of the Group of RMB792,000,000 which were unsecured and not guaranteed.

Lease liabilities

At 31 July 2021, the Group had lease liabilities of RMB79,000,000.

Liability arising from rental guarantee arrangement

At 31 July 2021, the amount of financial liability arising from the rental guarantee arrangement was RMB169,000,000.

Mortgages and charges

At 31 July 2021, the Group's secured borrowings were secured by certain of the Group's 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 July 2021, the following assets were pledged to banks as securities to obtain certain banking facilities:

	<i>RMB' million</i>
Investment properties	31,684
Property and equipment	110
Right-of-use assets	6
Properties under development for sale	7,742
Receivables	87
	<u>39,629</u>

Contingent liabilities

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

- (i) The Group provided guarantees in an aggregate amount of RMB1,838,000,000 on 31 July 2021 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 July 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 available, 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 95% to RMB12,115,000,000 in the first half of 2021, compared to RMB6,222,000,000 in the first half of 2020, with residential property sales accounting for 98% and the remainder contributed by the sale of commercial units. The increase was due to strong sales performance in Shanghai Rui Hong Xin Cheng Ocean One (Lot 7) and Shanghai Panlong Tiandi.

As of 30 June 2021, a total locked-in sale of RMB17.5 billion was recorded and available for delivery to customers and for recognition as revenue in the second half of 2021 and beyond.

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 a 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 Resumed Land as at 30 June 2021.



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The Directors
Shui On Land Limited
26/F, Shui On Plaza
333 Huai Hai Zhong Road
Shanghai
The PRC

24 September 2021

Dear Sirs

Land No. 7 and No. 8 of Foshan Ling Nan Tian Di situated at eastern side of Jian She Street and southern side of Cheng Men Tou Road, Chancheng District, Foshan, Guangdong Province, 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 June 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 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, construction costs 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 Senior Manager, Ocean Ruan in July 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 continues 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 COVID-19 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 June 2021														
Land No. 7 and No. 8 of Foshan Ling Nan Tian Di situated at eastern side of Jian She Street and southern side of Cheng Men Tou Road Chancheng District Foshan Guangdong Province The PRC	<p>Foshan Ling Nan Tian Di (the “Development”) is a large-scale redevelopment project and will be a mixed use property development project upon completion located at the city centre of Foshan in Chancheng District.</p> <p>The property is part of the Development. The property comprises two parcels of adjoining land divided by Cheng Men Tou Road, namely Land No. 7 and No. 8 of the Development with a total area of approximately 24,494.35 sq m.</p> <p>The property is planned to be developed into a large-scale comprehensive development including office towers, serviced apartment, hotel, shopping arcade and car parks. The area details are listed as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td style="text-align: right;">260,000</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">26,000</td> </tr> <tr> <td>Retail (Basement)</td> <td style="text-align: right;">7,500</td> </tr> <tr> <td>Hotel</td> <td style="text-align: right;">50,000</td> </tr> <tr> <td>Serviced Apartment</td> <td style="text-align: right;"><u>30,000</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>373,500</u></td> </tr> </tbody> </table> <p>The property will also comprise 1,001 below ground car parking spaces.</p> <p>The land use rights of Land No. 7 of the property have been granted for various terms expiring on 30 November 2077 for urban residential use, 30 November 2047 and 30 November 2057 for public facilities use whilst the land use rights of Land No. 8 of the property have been granted for public facilities use (mainly office, commercial and hotel uses).</p>	Use	Approximate Gross Floor Area (sq m)	Office	260,000	Retail	26,000	Retail (Basement)	7,500	Hotel	50,000	Serviced Apartment	<u>30,000</u>	Total:	<u>373,500</u>	The property is vacant and pending for development.	<p>RMB2,450,000,000 (RENMINBI TWO BILLION FOUR HUNDRED AND FIFTY MILLION ONLY)</p> <p>(100% interest attributable to the Group: RMB2,450,000,000)</p> <p><i>(please see note 4)</i></p>
Use	Approximate Gross Floor Area (sq m)																
Office	260,000																
Retail	26,000																
Retail (Basement)	7,500																
Hotel	50,000																
Serviced Apartment	<u>30,000</u>																
Total:	<u>373,500</u>																

Notes:

1. Pursuant to the Contract for Grant of Foshan Chancheng District State-owned Land Use Rights No. 440601-2008-100700 entered into among Foshan Land Resources Bureau and Fo Shan Yi Kang Property Development Co., Ltd., Foshan Shui On Property Development Co., Ltd., Fo Shan An Ying Property Development Co., Ltd., FoShan Yuan Kang Property Development Co., Ltd., Fo Shan Yong Rui Tian Di Property Development Co., Ltd., FoShan Rui Dong Property Development Co., Ltd., Fo Shan Rui Fang Property Development Co., Ltd. and Fo Shan Rui Kang Tian Di Property Development Co., Ltd. (collectively referred to as the “Grantees”) dated 30 May 2008, the former party agreed to grant the land use rights of the whole development to the Grantees. The salient conditions as stipulated in the aforesaid contract are, inter alia, cited as follows:
 - (i) Total site area : 639,320 sq m
 - (ii) Net site area : 517,471 sq m
 - (iii) Use : public facilities use (mainly office, commercial and hotel) and residential use
 - (iv) Land use term : 70 years for residential, 50 years for office and 40 years for commercial and hotel from 30 November 2007
 - (v) Land grant fee : RMB7,510,000,000
 - (vi) Plot ratio : ≤ 2.9
 - (vii) Site coverage : $\leq 40\%$
 - (viii) Green area ratio : $\geq 25\%$
 - (ix) Total gross floor area (excluding basement and semi-basement car park) should not exceed 1,500,665.90 sq m and gross floor area of basement and semi-basement (excluding basement for civil defense use) should not exceed 501,500.00 sq m.
 - (x) Building covenant : Construction works should be commenced within 1 year from the date of actual land delivery

2. Pursuant to the Contract for Grant of Foshan State-owned Land Use Rights entered into between Foshan Land Resources Bureau and Fo Shan Rui Fang Property Development Co., Ltd., a wholly-owned subsidiary of the Company dated 23 October 2015, the former party agreed to grant the land use rights of a parcel of land (Land No. 7) to Fo Shan Rui Fang Property Development Co., Ltd.. The salient conditions as stipulated in the aforesaid contract are, inter alia, cited as follows:
 - (i) Address : Eastern side of Jianshe Street, Chancheng District, Foshan
 - (ii) Net site area : 8,109 sq m
 - (iii) Use : public facilities use (mainly office, commercial and hotel)
 - (iv) Land grant fee : RMB710,872,820.33
 - (v) Plot ratio : ≤ 17.511
 - (vi) Green area ratio : $\geq 15\%$
 - (vii) Total gross floor area (excluding basement and semi-basement car park) should not exceed 141,996.69 sq m and gross floor area of basement and semi-basement (excluding basement for civil defense use) should not exceed 27,633 sq m.
 - (viii) Building covenant : Construction works should be commenced within 1 year from the date of the planning approval of the subject area and construction works should be completed within 3 years from the commencement date of the construction works

3. Pursuant to the Real Estate Certificate No Yue (2016) Fo Chan Bu Dong Chan Quan Di 0077856 dated 1 December 2016, the land use rights of Land No. 7 of the property with a site area of 8,109.35 sq m has been granted to Fo Shan Rui Fang Property Development Co., Ltd. with land use rights terms expiring on 30 November 2077 for urban residential use and expiring on 30 November 2047 and 30 November 2057 for public facilities use.

4. As advised by the Group, the construction cost incurred of the property as at the valuation date was approximately RMB27,900,000. 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 a total construction cost of approximately RMB2,598,000,000 and it were complete as at the valuation date, was estimated approximately as RMB7,317,000,000.
5. For reference purpose, the valuation breakdown of Land No. 7 and No. 8 of the property were approximately RMB992,000,000 and RMB1,458,000,000 respectively.
6. We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:
 - (i) Fo Shan Rui Fang Property Development Co., Ltd. and Fo Shan Rui Kang Tian Di Property Development Co., Ltd. legally own the land use rights of the property;
 - (ii) Fo Shan Rui Fang Property Development Co., Ltd. and Fo Shan Rui Kang Tian Di Property Development Co., Ltd. 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 (Note 3)		
Mr. Vincent H.S. LO (“Mr. Lo”)	—	1,849,521 (Note 1)	4,489,291,751 (Note 2)	—	4,491,141,272	55.71%
Mr. Douglas H. H. SUNG (“Mr. Sung”)	—	—	—	437,000	437,000	0.0054%
Ms. Stephanie B.Y. LO (“Ms. Lo”)	—	—	4,489,291,751 (Note 2)	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 63.10% 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 Directors	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)	236,269,000 (Note 2)	236,581,000	63.19%
Ms. Lo	—	—	236,269,000 (Note 2)	236,269,000	63.10%

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

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

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:

Name of Directors	Names of companies which had such discloseable interest or short position	Positions within such companies
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:

Name of Directors	Names of the entities which are considered to compete or likely to compete with the businesses of the Group	Description of the businesses of the entities which are considered to compete with the businesses of the Group	Nature of interests of the Directors in the entity
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 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 (the “**Capital Increase Agreement**”) entered into among Lucky Gain Limited (“**Lucky Gain**”) (being an indirect wholly-owned subsidiary of the Company), Shanghai Yongye Enterprise (Group) Co., Ltd. (the “**JV Partner**”) and Shanghai Fu Ji Properties Co., Ltd.* (上海復基房地產有限公司) (the “**JV Company**”) on 7 June 2021 in relation to the formation of a joint venture through the JV Company for the purpose of carrying out the property development project at three parcels of lands in Huangpu District, Shanghai, the PRC (the “**Lands**”), pursuant to which Lucky Gain and the JV Partner shall pay up and contribute approximately US\$202,084,730 and US\$237,142,270 respectively to the registered capital of the JV Company, details of which were set out in the announcement of the Company dated 7 June 2021 and the circular of the Company dated 23 July 2021;
- (b) the shareholders’ agreement entered into between Lucky Gain and the JV Partner on 7 June 2021 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. The maximum amount of investment to be made by the JV Company on the Lands shall not exceed RMB15,100,000,000, which shall be contributed by Lucky Gain and the JV Partner in proportion to their respective equity interests in the JV Company (i.e. 50% owned by each of them upon completion of their respective contribution to the increased registered capital of the JV Company under the Capital Increase Agreement). Details of which were set out in the announcement of the Company dated 7 June 2021 and the circular of the Company dated 23 July 2021;
- (c) the Land Resumption Agreement No.7; and
- (d) the Land Resumption Agreement No.8.

9. EXPERT AND CONSENT

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

Name	Qualification
Knight Frank Petty Limited	Independent property valuer and chartered professional surveyors

* For identification purposes only

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.

10. EXPERT'S INTEREST

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

- (a) it did not have any shareholding interest, direct or indirect, 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 has been acquired or disposed of by or leased to any member of the Group, or which were 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).

11. 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 at 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.

12. 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 annual reports of the Company for the years ended 31 December 2019 and 31 December 2020;
- (c) the valuation report of the Resumed Land issued by Knight Frank Petty Limited, the text of which is set out in Appendix II to this circular;
- (d) the material contracts referred to in the section headed “Material Contracts” in this appendix;
- (e) the written consent referred to in the section headed “Expert and Consent” in this appendix;
- (f) the circular of the Company dated 23 July 2021; and
- (g) this circular.