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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

LAND RESUMPTION

On 9 July 2021, (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 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).

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.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting under the Listing Rules if the Company were to convene an extraordinary general meeting for the approval of the Transaction.

At the date of this announcement, 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 at the date of this announcement. The Company has obtained the written approval of Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited on the 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.

A circular containing, among other things, further details of the Transaction is expected to be dispatched to the Shareholders within fifteen (15) business days after the publication of this announcement, i.e., on or before 30 July 2021.

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 announcement. 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.

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 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:

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

The Land No.7 Compensation was determined after arm’s length negotiations between Fo Shan Rui Fang and Foshan Chancheng District Land Reserve Center with reference to (1) the laws, regulations and procedures applicable to resumption of state-owned land in Chancheng District, Foshan, the PRC; (2) an agreed valuation for Land No.7 in respect of which a valuation report will be included in the circular to be issued by the Company regarding the Transaction; and (3) the amount of the investment expended by the Group in Land No.7 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).

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.

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 use. At the date of this announcement, 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

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:

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

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 with reference to (1) the laws, regulations and procedures applicable to resumption of state-owned land in Chancheng District, Foshan, the PRC; (2) an agreed valuation for Land No.8 in respect of which a valuation report will be included in the circular to be issued by the Company regarding the Transaction; and (3) the amount of the investment expended by the Group in Land No.8 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).

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.

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 use. At the date of this announcement, 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.

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 in respect of which a valuation report will be included in the circular to be issued by the Company regarding the Transaction, 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 make announcements in compliance with the Listing Rules accordingly in the future.

FINANCIAL EFFECTS ON THE GROUP

Based on the valuation report in respect of the Resumed Land which will be included in the circular to be issued by the Company regarding the Transaction, the net book values 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. It is expected that no material gain or loss will accrue to the Group as a result of the Transaction.

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.

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 purposes 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 date of this announcement, 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.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting under the Listing Rules if the Company were to convene an extraordinary general meeting for the approval of the Transaction.

At the date of this announcement, 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 at the date of this announcement. The Company has obtained the written approval of Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited on the 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.

A circular containing, among other things, further details of the Transaction is expected to be dispatched to the Shareholders within fifteen (15) business days after the publication of this announcement, i.e., on or before 30 July 2021.

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 announcement. 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.

DEFINITIONS

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

“associate(s)”, “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 under the section headed “REASONS AND BENEFITS OF THE TRANSACTION” of this announcement;
“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;
“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 under the section headed “LAND RESUMPTION AGREEMENT NO.7 - Compensation and payment terms” of this announcement;

“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 under the section headed “LAND RESUMPTION AGREEMENT NO.8 - Compensation and payment terms” of this announcement;
“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;
“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;
“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 announcement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan;

“Resumed Land”	Land No. 7 and Land No. 8 collectively;
“RMB”	Renminbi, the lawful currency of the PRC;
“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; and
“%”	per cent.

For the purpose of this announcement 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.

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

Hong Kong, 9 July 2021

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

* *For identification purposes only*