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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)

**US\$400,000,000 5.50% SENIOR NOTES DUE 2026 OF
SHUI ON DEVELOPMENT**

TO BE GUARANTEED BY THE COMPANY

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and Part XIVA of the SFO.

Reference is made to the announcement of the Company dated June 23, 2021 in relation to the proposed offering of the Notes as “Sustainability-Linked Bonds” under the Sustainability-Linked Bond Framework by Shui On Development to be guaranteed by the Company.

The Board is pleased to announce that on June 24, 2021, Hong Kong time, the Company and Shui On Development entered into a Purchase Agreement with Standard Chartered Bank and UBS in connection with the issue of the Notes by Shui On Development of an aggregate principal amount of US\$400,000,000 5.50% due 2026 which will be issued as “Sustainability-Linked Bonds” under the Sustainability-Linked Bond Framework.

The estimated net proceeds of the Notes Issue, after deduction of fees, commissions and expenses, will amount to approximately US\$396.7 million. The Group intends to use the net proceeds from the issuance of the Notes to repay its existing indebtedness with near term maturities and the remainder to fund its capital expenditures.

Approval-in-principle has been received for the listing of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Admission of the Notes to the official list of the SGX-ST is not to be taken as an indication of the merits of the Company, Shui On Development or the Notes. No listing of the Notes has been, or will be, sought in Hong Kong.

INTRODUCTION

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THE PURCHASE AGREEMENT

Date

June 24, 2021

Parties to the Purchase Agreement

- (a) Shui On Development as the issuer of the Notes;
- (b) Company as the guarantor of Shui On Development’s obligations under the Notes and the Indenture;
- (c) UBS as the sole structuring agent; and
- (d) Standard Chartered Bank and UBS as the initial purchasers of the Notes.

UBS as the sole structuring agent, and Standard Chartered Bank and UBS as the joint global coordinators and joint bookrunners are managing the offer and sale of the Notes.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Standard Chartered Bank and UBS are independent third parties and are not connected persons of the Company.

The Notes and the Parent Guarantee have not been, and will not be, registered under the U.S. Securities Act. The Notes will only be offered by Standard Chartered Bank and UBS outside the United States in compliance with Regulation S under the U.S. Securities Act and will not be offered to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act). None of the Notes will be offered to the public in Hong Kong nor will the Notes be initially placed to any connected persons of the Company.

Principal terms of the Notes

Notes Offered

Subject to certain conditions to completion, Shui On Development will issue the Notes in an aggregate principal amount of US\$400,000,000 and the Notes will mature on 2026, unless earlier redeemed pursuant to the terms of the Notes.

Offer Price

The offer price will be 100% of the principal amount of the Notes.

Interest

The Notes will bear interest at a rate of 5.50% per annum, payable semi-annually in arrear on June 29 and December 29 of each year, commencing December 29, 2021.

Ranking of the Notes

The Notes are: (1) general obligations of Shui On Development; (2) senior in right of payment to any existing and future obligations of Shui On Development expressly subordinated in right of payment to the Notes; (3) ranked at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of Shui On Development (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by the Company on a senior basis, subject to certain limitations; (5) effectively subordinated to the secured obligations (if any) of Shui On Development and the Company, to the extent of the value of the assets serving as security therefor; and (6) effectively subordinated to all existing and future obligations of the subsidiaries of Shui On Development.

Ranking of the Parent Guarantee

The Company will guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes. Since the Company is a holding company, the Notes will be effectively subordinated to all indebtedness and other liabilities of the subsidiaries of the Company other than Shui On Development.

The Parent Guarantee is: (1) a general obligation of the Company; (2) effectively subordinated to secured obligations of the Company, to the extent of the value of the assets serving as security therefor; (3) senior in right of payment to all future obligations of the Company expressly subordinated in right of payment to the Parent Guarantee; and (4) ranked at least *pari passu* with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law).

Events of Default

The events of default under the Notes include, among others: (1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise; (2) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days; (3) default in the performance or breach of certain covenants under the Notes; (4) the Company, Shui On Development or any restricted subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the trustee of the Notes or holders of 25% or more in aggregate principal amount of the Notes; (5) default by the Company, Shui On Development or any restricted subsidiary in the repayment of indebtedness having, in the aggregate, an outstanding principal amount of US\$20.0 million or more; (6) one or more final judgments or orders for the payment of money are rendered against the Company, Shui On Development or any restricted subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged to exceed US\$20.0 million; (7) an involuntary bankruptcy or insolvency proceeding is commenced against the Company, Shui On Development or any restricted subsidiary and such involuntary bankruptcy or insolvency proceeding remains undismissed and unstayed for a period of 60 consecutive days; (8) a voluntary bankruptcy or insolvency proceeding is commenced by or consented to by the Company, Shui On Development or any restricted subsidiary; and (9) the Company denies or disaffirms its obligations under its Parent Guarantee or, except as permitted by the Indenture, the Parent Guarantee is determined to be unenforceable or invalid or for any reason ceases to be in full force and effect.

If an event of default (other than an event of default specified in (7) and (8) above) occurs and is continuing under the Indenture, the trustee of the Notes may, and shall upon the request of the holders of at least 25% in aggregate principal amount of the Notes outstanding, by written notice to Shui On Development, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an event of default specified in (7) and (8) above occurs with respect to the Company, Shui On Development or any restricted subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the trustee of the Notes or any holder of the Notes or any other person.

Covenants

The Notes, the Indenture and the Parent Guarantee will limit the ability of Shui On Development and the Company and the ability of their respective restricted subsidiaries (as the case may be) to, among other things:

- (a) incur additional indebtedness and issue disqualified or preferred stock;
- (b) declare dividends on capital stock or purchase or redeem capital stock;
- (c) make investments or other specified restricted payments;
- (d) issue or sell capital stock of their restricted subsidiaries;
- (e) guarantee indebtedness;
- (f) enter into transactions with shareholders or affiliates;
- (g) create liens;
- (h) enter into sale and leaseback transactions;
- (i) sell assets;
- (j) enter into agreements that restrict their restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- (k) effect a consolidation or merger; and
- (l) engage in different business activities.

Optional Redemption

At any time and from time to time on or after June 29, 2025 but prior to March 29, 2026, Shui On Development may at its option redeem the Notes, in whole or in part, at a redemption price equal to 101.375% plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that the Company shall have either (i) delivered a satisfaction notification or (ii) notified the trustee and the noteholders in writing that the Sustainability Performance Target has not been satisfied together with an officers' certificate describing the nature and amount of the green electricity certificates or carbon credit / offset certificates that will be or has been purchased by the Company prior to the applicable interest payment date or the redemption date, as the case may be.

At any time after March 29, 2026, Shui On Development may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time prior to June 29, 2025, Shui On Development may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date, as set forth in "Description of the Notes — Optional Redemption".

At any time and from time to time prior to June 29, 2025, Shui On Development may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Company in an Equity Offering at a redemption price of 105.50% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

In the event of a redemption on or after June 29, 2025, the Company fails, or is unable, to provide the satisfaction notification, Shui On Development and/or the Company shall purchase, no later than such redemption date, green electricity certificates or carbon credit / offset certificates in an aggregate amount equal to 0.25% of the outstanding aggregate principal amount of the Notes on or prior to the redemption date, minus any amount of such green electricity certificates or carbon credit / offset certificates which had already been purchased by Shui On Development and/or the Company after the Notification Date.

Reasons for the Notes Issue and Proposed Use of Net Proceeds

The Group is one of the leading property developers in the PRC. The Group engages principally in the development, sale, leasing, management and ownership of high-quality residential, office, retail, entertainment and cultural properties in the PRC. Specifically, the Group focuses on master planning and development of large-scale, mixed use city-core integrated property projects, typically in cooperation with the relevant local governmental authorities. The estimated net proceeds of the Notes Issue, after deduction of fees, commissions and expenses, will amount to approximately US\$396.7 million. The Group intends to use the net proceeds from the issuance of the Notes to repay its existing indebtedness with near term maturities and the remainder to fund its capital expenditures.

Listing

Approval-in-principle has been received for the listing of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Admission of the Notes to the official list of the SGX-ST is not to be taken as an indication of the merits of the Company, Shui On Development or the Notes. No listing of the Notes has been, or will be, sought in Hong Kong.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the main board of the Stock Exchange (Stock Code: 272)
“connected person(s)”, “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Equity Offering”	any private placement or public offering of common stock of the Company; provided that the aggregate gross cash proceeds received by the Company from such offering shall be no less than US\$20 million
“Group”	the Company and its subsidiaries from time to time

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indenture”	the written agreement to be entered into between the Company as guarantor, Shui On Development as issuer of the Notes and DB Trustees (Hong Kong) Limited as trustee of the Notes, pursuant to which the Notes will be issued
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	the US\$400,000,000 5.50% senior notes due 2026 proposed to be issued
“Notes Issue”	the issue of Notes by Shui On Development and guaranteed by the Company
“Notification Date”	45 days prior to the interest payment date falling in December 2025
“Original Issue Date”	the date on which the Notes are originally issued under the Indenture
“Parent Guarantee”	the guarantee to be given by the Company on Shui On Development’s obligations under the Notes
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan area
“Purchase Agreement”	the agreement dated June 24, 2021 entered into between the Company, Shui On Development, Standard Chartered Bank and UBS in relation to the Notes Issue
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) with par value of US\$0.0025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares

“Shui On Development”	Shui On Development (Holding) Limited, a company incorporated in the Cayman Islands with limited liability, and a wholly-owned subsidiary of the Company
“Standard Chartered Bank”	Standard Chartered Bank, one of the initial purchasers, joint global coordinators and joint bookrunners in respect of the offer and sale of the Notes
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sustainability-Linked Bond Framework”	the Sustainability-Linked Bond Framework developed by the Group as a basis for entering into future sustainability-linked financing, including by way of issuing Sustainability-Linked Bonds, and by reference to the International Capital Markets Association (ICMA) Sustainability-Linked Bond Principles 2020
“Sustainability-Linked Bonds”	the Notes expected to be issued under the Sustainability-Linked Bond Framework
“Sustainability Performance Target”	a reduction of Scope 1 and Scope 2 greenhouse gas emissions (GHG) intensity on a per square metre basis by 25% by 2024, from the 2019 baseline, as set out in, and calculated in accordance with, the Sustainability-Linked Bond Framework; provided that the 2019 baseline may be recalculated or adjusted and the calibration of the sustainability performance targets may change if there is a material change to the Company’s property business or to the composition of the Company’s property portfolio, in the event of any divestments, corporate restructuring or similar transactions
“UBS”	UBS AG Hong Kong Branch (UBS AG is incorporated in Switzerland with limited liability), the sole structuring agent, and one of the initial purchasers, joint global coordinators and joint bookrunners in respect of the offer and sale of the Notes
“U.S.” or “United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction

“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

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

Hong Kong, 24 June 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*