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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)**

## **DISCLOSEABLE TRANSACTION THE JOINT VENTURE AGREEMENT**

### **THE JOINT VENTURE AGREEMENT**

The Board is pleased to announce that on 6 March 2018, Shanghai Panrui, a wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with the JV Partner in relation to the establishment of the Joint Venture Company for the purpose of potential future investment in an urban transformation and redevelopment project in Qingpu District, Shanghai, PRC.

### **IMPLICATION OF THE LISTING RULES**

As the relevant percentage ratios set out in the Listing Rules in respect of the total capital commitment by the Company, together with the grant of the Option, exceed 5% but are less than 25%, the entry into of the Joint Venture Agreement constitutes a discloseable transaction of the Company under the Listing Rules. Accordingly, the Joint Venture Agreement is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under the Listing Rules.

As the exercise of the Option is at the discretion of Shanghai Panrui, pursuant to Rule 14.75(1) of the Listing Rules, on the grant of the Option, only the premium (which is nil) will be taken into consideration for the purpose of classification of the grant of the Option under Chapter 14 of the Listing Rules. The Company will comply with the relevant requirements under the Listing Rules on the exercise of the Option as and when required.

## INTRODUCTION

The Board is pleased to announce that on 6 March 2018, Shanghai Panrui, a wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with the JV Partner in relation to the establishment of the Joint Venture Company for the purpose of potential future investment in an urban transformation and redevelopment project in Qingpu District, Shanghai, the PRC.

## THE JOINT VENTURE AGREEMENT

### Date

6 March 2018

### Parties

- (i) Shanghai Panrui; and
- (ii) Founder Securities Co., Ltd (方正證券股份有限公司), acting as a representative of “Founder XINRONG 39 Assets Management Plan” (“**JV Partner**”)

### Principal Terms

The principal terms of the Joint Venture Agreement include the following:

1. *Joint Venture Company:* The Joint Venture Company has an initial registered capital of RMB4.9 million, of which Shanghai Panrui will contribute and own 49% of the equity interests, and the JV Partner will contribute and own 51% of the equity interests.
2. *Payment of Initial Contribution:* Pursuant to the articles of association of the Joint Venture Company, the parties shall make their respective capital contribution in cash within ten years from the date of registration of the Joint Venture Company.
3. *Composition of the Board of Directors:* Pursuant to the Joint Venture Agreement, the board of directors of the Joint Venture Company will comprise of four directors, two of whom will be appointed by Shanghai Panrui and two of whom will be appointed by the JV Partner. The chairman of the board of directors will be appointed by Shanghai Panrui.

4. *Business Scope of the Joint Venture Company:* The Joint Venture Company will invest in an urban transformation and redevelopment project in Qingpu District, Shanghai, the PRC.
5. *Working capital and profit distribution:* Pursuant to the Joint Venture Agreement, Shanghai Panrui and the JV Partner may grant shareholder's loan, indemnity or other form of guarantee in proportion to their respective equity interest in the Joint Venture Company to fund the working capital of the Joint Venture Company.

In view of the development and operation of the urban transformation and redevelopment project, the Joint Venture Company will not make distribution to Shanghai Panrui and the JV Partner within three years from the date of the Joint Venture Agreement.

### **Capital Contribution of Shanghai Panrui**

The amount of capital contribution to be made by the parties was arrived at after arm's length negotiations between the parties having taken into account the expected capital requirements of the Joint Venture Company. Shanghai Panrui plans to satisfy its initial capital contribution of RMB2.401 million in the Joint Venture Company by internal resources.

In contemplation of the entering into of the Joint Venture Agreement and based on the discussion between Shanghai Panrui and the JV Partner, it is currently estimated that the maximum capital commitment of the Company for investment in the urban transformation and redevelopment project in Qingpu District, Shanghai, the PRC will be RMB1,820 million. The Company plans to satisfy such capital commitment partially by internal resources and partially by bank financing.

### **Grant of the Option**

Pursuant to the terms of the Joint Venture Agreement, the JV Partner has granted to Shanghai Panrui the Option, which is exercisable at any time from 12 months after the date of the Joint Venture Agreement, pursuant to which Shanghai Panrui may at its discretion issue a written notice to the JV Partner to oblige the JV Partner to sell all the equity interest held by the JV Partner in the Joint Venture Company and to assign all other obligations owing to the JV Partner (if any) to Shanghai Panrui or its designated associate(s).

Pursuant to the Joint Venture Agreement, no premium is payable for the grant of the Option, and the exercise price of the Option will be determined at the time of exercise based on (i) the investment amount of the JV Partner made in the Joint Venture Company; (ii) the equity interests being acquired by Shanghai Panrui; and (iii) the cost of funding of the JV Partner.

## **INFORMATION OF THE PARTIES**

The Group is one of the leading property developers in the PRC. It engages principally in the development, sale, leasing, management and long-term ownership of high-quality residential, office, retail, entertainment and cultural properties in the PRC.

Shanghai Panrui is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

The JV Partner is a company incorporated in the PRC, and its shares are listed on the Shanghai Stock Exchange. It is acting as a representative of “Founder XINRONG 39 Assets Management Plan”. It principally engages in asset management, investment banking, research and consulting, securities margin trading and securities brokerage.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the JV Partner is a third party independent of the Company and its connected persons.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE JOINT VENTURE AGREEMENT**

Shanghai being the financial centre of mainland China has been undergoing rapid development in the past decades, benefitting from the economic growth and transformation of the PRC. Such growth has contributed to the influx of capital and manpower which in turns leads to the urbanisation of Shanghai. The Company and the JV Partner recognise the business opportunity arising from the urbanisation of Shanghai and intend to participate in the process. Therefore, the Company and the JV Partner are setting up the Joint Venture Company for the purposes of taking the potential opportunity to participate in an urban transformation and redevelopment project in Qingpu District, Shanghai, PRC with a gross floor area of over 300,000 square metres where it is expected that the unique historic culture of Qingpu District will be preserved and a redevelopment into a mixed-use large-scale community comprising low-density commercial and residential areas. At this stage, the relevant plots of land are still not yet opened for bidding, and it is not certain the exact timetable for such bidding process.

The Directors consider that the terms of the Joint Venture Agreement are on normal commercial terms, are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Joint Venture Company will be accounted for as an associated company of the Company, and the results of the Joint Venture Company will not be consolidated with those of the Company.

## IMPLICATION OF THE LISTING RULES

As the relevant percentage ratios set out in the Listing Rules in respect of the total capital commitment by the Company, together with the grant of the Option, exceed 5% but are less than 25%, the entry into of the Joint Venture Agreement constitutes a discloseable transaction of the Company under the Listing Rules. Accordingly, the Joint Venture Agreement is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under the Listing Rules.

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## DEFINITIONS

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

"associate(s)", "connected persons", "subsidiaries"	each has the meaning defined under the Listing Rules;
"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 director(s) of the Company;
"Group"	the Company and its subsidiaries;
"Hong Kong"	Hong Kong Special Administrative Region of the PRC;
"Joint Venture Agreement"	the shareholders' agreement dated 6 March 2018 entered into between Shanghai Panrui and the JV Partner in relation to the Joint Venture Company;
"Joint Venture Company"	Shanghai Panxing Management and Consultancy Co., Ltd.* (上海磐興管理諮詢有限公司), a company incorporated in the PRC with limited liability, being the subject matter of the Joint Venture Agreement;

”JV Partner”	Founder Securities Co., Ltd* (方正證券股份有限公司), a company established in the PRC, whose shares are listed on the Shanghai Stock Exchange (stock code: 601901), acting as a representative of “Founder XINRONG 39 Assets Management Plan”;
”Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
”Option”	the right of Shanghai Panrui to oblige the JV Partner to sell all of the equity interest held by the JV Partner in the Joint Venture Company and to assign all other obligations owing to the JV Partner (if any) to Shanghai Panrui or its designated associate(s);
”PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
”RMB”	Renminbi, the lawful currency of the PRC;
”Shanghai Panrui”	Shanghai Panrui Investment Management Co., Ltd.* (上海磐銳投資管理有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company;
”Stock Exchange”	The Stock Exchange of Hong Kong Limited;
”%”	per cent.

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

Hong Kong, 6 March 2018

*At the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman) and Mr. Douglas H. H. SUNG (Chief Financial Officer); the non-executive director of the Company is Mr. Frankie Y. L. WONG; and the independent non-executive directors of the Company are Sir John R. H. BOND, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY, Mr. David J. SHAW and Mr. Anthony J. L. NIGHTINGALE.*

\* For identification purposes only