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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**  
**ACQUISITION OF THE LAND IN SHANGHAI**  
**AND**  
**ESTABLISHMENT OF JOINT VENTURE**  
**FOR DEVELOPMENT OF THE LAND IN SHANGHAI**

**ACQUISITION OF THE LAND**

On 5 July 2018, CPIC Life, SODH (a wholly-owned subsidiary of the Company) and SHYY (i.e. the JV Shareholders) succeeded in the bid of the land use rights of the Land offered for sale by Shanghai Huangpu District Planning and Land Bureau at the Bidding for RMB13,610,000,000 (equivalent to approximately HK\$16,131,135,000).

**ESTABLISHMENT OF JOINT VENTURE**

On 5 July 2018, CPIC Life, SODH (a wholly-owned subsidiary of the Company) and SHYY entered into the Agreement, pursuant to which the parties agreed to establish the JV for carrying out property development project at the Land in Huangpu District, Shanghai, the PRC. The JV will be owned as to 70% by CPIC Life, 25% by SODH and 5% by SHYY.

**LISTING RULES IMPLICATIONS**

Since the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules for the Company in respect of the Transactions is 25% or more but is less than 100%, the Transactions constitute a major transaction for the Company.

The Transactions constitute a Qualified Property Acquisition under Rule 14.04(10C) of the Listing Rules as it involves an acquisition of governmental land in the PRC from a PRC Governmental Body (as defined under Rule 19A.04 of the Listing Rules) through a tender, auction or listing-for-sale governed by PRC law (as defined under Rule 19A.04 of the Listing Rules). The Board confirms that the Transactions are in the Group's ordinary and usual course of business and the terms of the Transactions (including the financing and profit distribution arrangements pursuant to the Agreement) are on normal commercial terms, fair and reasonable and in the interests of the Company and the shareholders as a whole. The Transactions are hence subject to reporting and announcement requirements and is exempt from shareholders' approval requirements pursuant to Rule 14.33A of the Listing Rules.

A circular containing, among other things, further details of the Agreement and the Transactions is expected to be despatched to the shareholders within 15 business days after the publication of this announcement, i.e. on or before 26 July 2018.

## **ACQUISITION OF THE LAND**

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To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of CPIC Life and SHYY and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

The Transaction Confirmation has been entered into between Shanghai Land Exchange Centre and the JV Shareholders. The Land Use Rights Grant Contract in relation to the acquisition of the Land is expected to be entered into within three months from the date of the Transaction Confirmation.

The consideration for the Land is RMB13,610,000,000 (equivalent to approximately HK\$16,131,135,000).

At the date of this announcement, RMB2,716,000,000 (equivalent to approximately HK\$3,219,116,000) has been paid as a deposit by the JV Shareholders in proportion to their respective interests in the JV.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, at the date of this announcement, each of Shanghai Huangpu District Planning and Land Bureau and Shanghai Land Exchange Centre and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **Information of the Land and the Project**

The acquisition costs of the Land to be paid by the JV is RMB13,610,000,000 (equivalent to approximately HK\$16,131,135,000). The Land is for office and commercial use and situated at Huangpu District, Shanghai, the PRC. It will be developed into a high quality mixed-use development consisting of three Grade A office towers with gross floor area of no more than 197,100 sq.m. and a high-end shopping mall with gross floor area of no more than 105,600 sq.m..

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### **THE AGREEMENT**

#### **Date**

5 July 2018

#### **Parties**

- (1) CPIC Life
- (2) SODH, a wholly-owned subsidiary of the Company
- (3) SHYY

#### **Subject Matter**

The JV Shareholders shall establish the JV and each of CPIC Life, SODH and SHYY shall hold 70%, 25% and 5% equity interests in the JV, respectively. The JV is established for the acquisition, development, construction, management, holding, sales and leasing of the Project. The JV shall have a registered capital of RMB14,050,000,000 (equivalent to approximately HK\$16,652,641,000).

## **Management**

The board of directors of the JV shall comprise seven directors, of which four directors shall be appointed by CPIC Life, two directors shall be appointed by SODH and one director shall be appointed by SHYY. The chairman of the board shall be appointed by CPIC Life.

All major decisions of the JV require unanimous approval of all directors of the JV, including but not limited to any change in the nature or scope of the JV's business, the entering into of any transactions which are not on an arm's length basis by the JV, any distribution of profits and the dividend policy.

## **Financial Commitment**

Pursuant to the Agreement, the JV Shareholders agreed that the amount of the JV Investment Costs is RMB19,500,000,000 (equivalent to approximately HK\$23,112,207,000). The JV Investment Costs is determined with reference to the acquisition costs of the Land and the expected development costs of the Project.

The registered capital of RMB14,050,000,000 (equivalent to approximately HK\$16,652,641,000) shall be paid up by each JV Shareholders in cash in accordance with their respective proportion of equity interests in the JV. Accordingly, SODH shall contribute RMB3,512,500,000 (equivalent to approximately HK\$4,163,160,000), representing 25% of the registered capital, to the JV.

The outstanding amount of the JV Investment Costs and further financing needs of the JV shall be funded by shareholders loans and/or external financing to be raised from banks and financial institutions or in a manner to be agreed by the JV Shareholders.

## **Transfer Restrictions**

Pursuant to the relevant terms in the Agreement, the JV Shareholders may not dispose of or create any encumbrance over any of the equity interests in the JV within the lock-up period in respect of direct/indirect interest in the Land stipulated in the Agreement or the relevant Land grant documents unless otherwise provided in the Agreement.

Subsequent to the expiration of the aforesaid lock-up period, each of the JV Shareholders shall be subject to customary transfer restrictions provided under the Agreement (including right of first refusal, tag-along right and drag-along right) in a proposed transfer of its equity interests held in the JV and no partial transfer of equity interests in the JV held by a proposed transferor is allowed.

## **Distribution of profits**

After compensation of losses incurred in the previous financial years and provision for statutory reserves in accordance with the relevant PRC laws and regulations, net profits of the JV may be distributed to the JV Shareholders in proportion to their shareholding interest in the JV, subject to unanimous approval by all directors of the JV.

## **REASONS AND BENEFITS OF THE TRANSACTIONS**

The Project is a key component of the entire Taipingqiao master plan that the Company has been developing for the past 20 years. It enables the Company to develop and manage a landmark project at a prime location in the Shanghai CBD so as to enjoy the sustainable growth in asset value of the development. With the Company acting as the project and asset manager and investing as a minority shareholder, the Transactions are also in line with the Company's asset-light business strategy. In addition, the Project is beneficial to leverage the Company's project and asset management capabilities and to earn recurring management fee income.

The Directors consider that the terms of the Agreement and the Transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INFORMATION ON 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, sale, leasing, management and ownership of high-quality residential, office, retail, entertainment and cultural properties in the PRC. SODH is incorporated in the Cayman Islands with limited liability and is principally engaged in investment holding and debt financing.

## **INFORMATION ON CPIC LIFE AND SHYY**

CPIC Life is a professional life insurance subsidiary of China Pacific Insurance (Group) Co., Ltd. Headquartered in Shanghai, China Pacific Insurance (Group) Co., Ltd is a leading "A+H" listed integrated insurance group in the PRC, providing, through the nationwide marketing network and diversified service platform, a broad range of risk solutions, wealth management and asset management services to over 100 million customers throughout the country. China Pacific Insurance group has been listed among Fortune Global 500 for 7 consecutive years.

Established on 30 December 1994, SHYY is mainly engaged in real estate development and management, taking up significant responsibilities of old area reconstruction, municipal construction, subsidized housing construction and management, property management for stated-owned housing, preservation

protection and development of outstanding historical buildings, etc. With the first grade real estate development qualification approved by National Ministry of Construction, SHYY has been listed amongst the top 50 Shanghai real estate development enterprises and the top 10 enterprises engaged in subsidized housing construction and development. It has also been awarded Shanghai outstanding company of distinction and competition, contract-observing and creditworthy enterprise of Shanghai and and Shanghai five-star integrity establishment enterprise.

## **LISTING RULES IMPLICATIONS**

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A circular containing, among other things, further details of the Agreement and the Transactions is expected to be despatched to the shareholders within 15 business days after the publication of this announcement, i.e. on or before 26 July 2018.

## **DEFINITIONS**

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

“Agreement”	the joint venture agreement (合資經營合同) dated 5 July 2018 entered into between CPIC Life, SODH and SHYY in relation to the formation and the management of the JV;
“associate(s)”, “connected person(s)”, “subsidiary(ies)”, “percentage ratio(s)”	each has the meaning ascribed to it under the Listing Rules;

“Bidding”	the bidding process held by Shanghai Land Exchange Centre at which the Land was offered for sale;
“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);
“CPIC Life”	China Pacific Life Insurance Company Limited, a joint stock company established in the PRC with limited liability;
“Director(s)”	directors 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;
“JV”	a joint venture company to be established as a limited liability company in the PRC pursuant to the Agreement;
“JV Investment Costs”	RMB19,500,000,000 (equivalent to approximately HK\$23,112,207,000), being the total amount of capital investment of the JV agreed to be contributed by the JV Shareholders under the Agreement. For the avoidance of doubt, such amount has included the total registered capital of the JV;
“JV Shareholders”	the shareholders of the JV, namely CPIC Life, SODH and SHYY;
“Land”	land parcel no. 123, 124 and 132 situated at Huangpu District, Shanghai, the PRC;
“Land Use Rights Grant Contract”	國有建設用地使用權出讓合同, to be entered into between Shanghai Huangpu District Planning and Land Bureau and the JV in relation to the acquisition of the Land;
“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;
“Project”	the property project to be developed by the JV at the Land;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shanghai Huangpu District Planning and Land Bureau”	上海市黃浦區規劃和土地管理局, a government body in the PRC, is responsible for, among other things, managing the primary land market, the tendering, auction and listing-for-sale of rights to use state-owned land in Shanghai;
“Shanghai Land Exchange Centre”	上海市土地交易事務中心, a public body in the PRC responsible for, among other things, the transaction of land use rights in Shanghai, and was appointed by Shanghai Huangpu District Planning and Land Bureau to offer the Land for sale;
“SHYY”	Shanghai Yongye Enterprise (Group) Company Limited, a company established in the PRC with limited liability;
“SODH”	Shui On Development (Holding) Limited, an exempted company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction Confirmation”	the confirmation dated 5 July 2018 entered into between Shanghai Land Exchange Centre and the JV Shareholders confirming the successful bidding at the Bidding;
“Transactions”	the acquisition of the Land, the entering into of the Agreement and the transactions contemplated thereunder;
“sq.m.”	square metre, unit of area; 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 = RMB0.84371. 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, 5 July 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*