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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 AND CONNECTED TRANSACTION FORMATION OF JOINT VENTURE

FORMATION OF JOINT VENTURE

On 29 December 2018, Shui On Investor and Shui On Manager (both indirect wholly-owned subsidiaries of the Company), Manulife Investors and China Life Trustees (a wholly-owned subsidiary of China Life), entered into the Framework Agreement, pursuant to which Shui On Investor, Manulife Investors and China Life Trustees have agreed to establish a joint venture to engage in the investment in properties (including the Property) in the PRC and the management and administration of such properties (i.e. the Joint Venture).

Formation of Joint Venture

The targeted total capital commitment of the Joint Venture is US\$1,000,000,000 (equivalent to approximately HK\$7,800,000,000) and the currently agreed capital commitment of US\$750,000,000 will be made by Shui On Investor, Manulife Investors and China Life Trustees as the Investors in proportion to their respective interest in the Joint Venture, being US\$200,000,000 (equivalent to approximately HK\$1,560,000,000), US\$450,000,000 (equivalent to approximately HK\$3,510,000,000) and US\$100,000,000 (equivalent to approximately HK\$780,000,000) in cash, respectively, subject to the terms of the Framework Agreement. Pursuant to the Framework Agreement, Shui On Manager (as investment manager of the Joint Venture) shall have the right to admit additional investors to the Joint Venture.

Further investment in a JV Company by SOL Separate Entity

On 29 December 2018, a JV Company (which has been established by the Joint Venture to invest in the Property) entered into an agreement with China Life Trustees to purchase the entire issued share capital of Sinothink Holdings Limited, which indirectly owns 99% interest in the Property, as well as certain shareholder's loans owed to China Life Trustees by Sinothink Holdings Limited. On 29 December 2018, SOL Separate Entity committed to invest in this JV Company in the amount of US\$140,500,000 (equivalent to approximately HK\$1,095,900,000) pursuant to the Shareholders' Deed in relation to such JV Company.

LISTING RULES IMPLICATIONS

As the applicable percentage ratio in respect of the transactions contemplated under the Framework Agreement, namely the formation of the Joint Venture, and the Shareholders' Deed, namely the further investment in a JV Company by SOL Separate Entity, exceed 5% but is less than 25%, the transactions contemplated under the Framework Agreement and the Shareholders' Deed constitute discloseable transactions for the Company and are subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

As China Life Trustees is an associate of substantial shareholder of certain subsidiaries of the Company, it is a connected person at the subsidiary level of the Company under the Listing Rules. Therefore, the transactions contemplated under the Framework Agreement and the Shareholders' Deed also constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

However, by virtue of Rule 14A.101 of the Listing Rules, the transactions contemplated under the Framework Agreement, namely the formation of the Joint Venture, and the Shareholders' Deed, namely the further investment in a JV Company by SOL Separate Entity, are connected transactions of the Company and only subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

FORMATION OF JOINT VENTURE

On 29 December 2018, Shui On Investor and Shui On Manager (both indirect wholly-owned subsidiaries of the Company), Manulife Investors and China Life Trustees (a wholly-owned subsidiary of China Life), entered into the Framework Agreement, pursuant to which Shui On Investor, Manulife Investors and China Life Trustees have agreed to establish a joint venture to engage in the investment in properties (including the Property) in the PRC and the management and administration of such properties (i.e. the Joint Venture).

The principal terms of the Framework Agreement are set out as follows.

Date

29 December 2018

Parties

- (a) Shui On Investor, an indirect wholly-owned subsidiary of the Company;
- (b) Shui On Manager, an indirect wholly-owned subsidiary of the Company;
- (c) Manulife Investors; and
- (d) China Life Trustees.

Purpose of the formation of the Joint Venture

The Joint Venture shall be established for the purpose of investing in various properties in Shanghai and other Tier 1 cities in the PRC (Beijing, Shenzhen and Guangzhou), including the Property, and the management and administration of such properties. Shui On Manager has been designated as the investment manager for the Joint Venture to coordinate the management and administration of the properties held under the Joint Venture, and Shui On Manager and its affiliates will enter into management agreements with the relevant JV Companies and/or project companies in relation to the management and administration of such properties.

Committed capital to and interest in the Joint Venture

The targeted total capital commitment of the Joint Venture is US\$1,000,000,000 (equivalent to approximately HK\$7,800,000,000) and the currently agreed capital commitment of US\$750,000,000 will be made by Shui On Investor, Manulife Investors and China Life Trustees as the Investors in proportion to their respective interest in the Joint Venture, being US\$200,000,000 (equivalent to approximately HK\$1,560,000,000), US\$450,000,000 (equivalent to approximately HK\$3,510,000,000) and US\$100,000,000 (equivalent to approximately HK\$780,000,000) in cash, respectively. Pursuant to the Framework Agreement, Shui On Manager (as investment manager of the Joint Venture) shall have the right to admit additional investors to the Joint Venture.

Each of the Investors shall, upon receiving a drawdown notice from Shui On Manager (acting as investment manager of the Joint Venture), contribute some or all of their respective unpaid capital contribution in accordance with their respective proportion to the Joint Venture and/or any JV Company (as the case may be) in accordance with the terms of the Framework Agreement.

The amounts of the capital commitment were arrived at after arm's length negotiation among the parties to the Framework Agreement and the Shareholders' Deed (as applicable) with reference to the capital requirement for investing in properties (including the Property) and the working capital requirement for the management and administration of such properties (including the Property) (as applicable).

The Group will make payment of its capital commitment to the Joint Venture and/or any JV Company with its internal resources. Further financing needs of the Joint Venture and/or any JV Company will be funded in a manner to be agreed by the Investors in accordance with the terms of the Framework Agreement.

Venture advisory committee

Each of Manulife Investors, China Life Trustees, Shui On Investor and other Investors qualified pursuant to the Framework Agreement may nominate one (1) representative on the venture advisory committee of the Joint Venture. A 80% approval from the venture advisory committee of the Joint Venture is required for certain matters, including but not limited to any proposed acquisition or investment in properties and approval of the budget and business plan of the Joint Venture. Certain major decisions of the Joint Venture require unanimous approval of the venture advisory committee of the Joint Venture, including but not limited to any change in the distribution policy and capital management policy and any proposed investments that do not conform to the investment criteria of the Joint Venture.

Distribution policy

Distributions to Investors shall be allocated by Shui On Manager (acting as investment manager of the Joint Venture) in accordance with the Framework Agreement.

Shareholders' deed

Investors (including any additional investors) may enter into shareholders' deed in respect of a JV Company to regulate its governance as contemplated under the Framework Agreement. In particular:

Board of the JV Company

The board of directors of a JV Company shall consist of no more than seven (7) directors (unless a greater number is approved by the shareholders of the JV Company holding at least 80% voting rights). Investors may nominate directors to the board of directors of the JV Company subject to the terms and conditions of the relevant shareholders' deed and the chairperson shall be nominated by the board of directors.

Lock-up

Subject to the terms and conditions of the Framework Agreement and the relevant shareholders' deed, each Investor must not transfer any of its shares in a JV Company.

INVESTMENT IN THE PROPERTY BY THE JOINT VENTURE

The Joint Venture's first investment is the investment in the Property through a newly-established JV Company.

The Property is a prime Grade-A office building with an ancillary retail podium and carparks, located at 150 Hubin Road, Huangpu District, Shanghai, the PRC, known as Corporate Avenue 5. The Property has a site area of 11,817 sq.m. and has a total gross floor area of 102,330 sq.m. comprising the following components:

- (a) office: gross floor area of approximately 51,623 sq.m.;
- (b) retail: gross floor area of approximately 27,035 sq.m.; and
- (c) underground carpark and others: gross floor area of approximately 23,672 sq.m., with a total of 309 underground carpark lots.

The Property is indirectly owned as to 99% by Sinothink Holdings Limited (a direct wholly-owned subsidiary of China Life Trustees) and 1% by a third party. Taipingqiao Holding Company Limited (an indirect non-wholly owned subsidiary of the Company) had been granted a call option to purchase the entire issued share capital of Sinothink Holdings Limited in 2013. For further details, please refer to the

announcement dated 4 December 2013 issued by the Company. On 29 December 2018, a JV Company (which has been established by the Joint Venture to invest in the Property) entered into an agreement with China Life Trustees to purchase the entire issued share capital of Sinothink Holdings Limited as well as certain shareholder's loans owed to China Life Trustees by Sinothink Holdings Limited. Taipingqiao Holding Company Limited has waived all of its rights under the said call option subject to completion of such purchase. On 29 December 2018, SOL Separate Entity committed to invest in this JV Company in the amount of US\$140,500,000 (equivalent to approximately HK\$1,095,900,000) pursuant to the Shareholders' Deed, which contains customary provisions in relation to a JV Company such as board control and composition and other provisions reflective of the terms in the Framework Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Formation of the Joint Venture is in line with the Company's Asset Light Strategy to increase its focus as a premier commercial real estate owner and operator. The Joint Venture, with significant capital raised from global financial investors, will provide the Company with a major capital platform to invest and expand its commercial property portfolio with long term partners. The Joint Venture will also provide the Company with stable, recurrent management fee and will help the Company to diversify its revenue sources.

The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Framework Agreement and the Shareholders' Deed and the transactions contemplated thereunder are entered into on normal commercial terms or better and in the ordinary and usual course of the business of the Group, fair and reasonable and in the interests of the Company and its shareholders as a whole.

As none of the Directors is materially interested in the transactions contemplated under the Framework Agreement and the Shareholders' Deed, none of the Directors is required to abstain from voting on the relevant board resolution for approving the Framework Agreement and the Shareholders' Deed and the transactions contemplated thereunder.

INFORMATION ON THE GROUP

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

Shui On Investor is a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

Shui On Manager is a company incorporated in the Cayman Islands and an indirect wholly-owned subsidiary of the Company and is principally engaged in asset management in respect of properties in the PRC.

SOL Separate Entity is a company incorporated in the Cayman Islands and a direct wholly-owned subsidiary of the Company and is principally engaged in investment holding and debt financing.

INFORMATION ON MANULIFE FINANCIAL CORPORATION AND MANULIFE INVESTORS

Manulife Financial Corporation is incorporated in Canada and is principally engaged in financial advice, insurance, as well as wealth and asset management solutions for individuals, groups and institutions. Its direct and indirect wholly-owned subsidiaries as set out below and as may be subsequently admitted to the Joint Venture as Investors from time to time pursuant to the terms of the Framework Agreement are parties to the Framework Agreement.

The Manufacturers Life Insurance Company is a company incorporated in Canada and a direct wholly-owned subsidiary of Manulife Financial Corporation and is principally engaged in life insurance business in Canada.

Manulife (International) Limited is a company incorporated in Bermuda and an indirect wholly-owned subsidiary of Manulife Financial Corporation and is principally engaged in life insurance business in Hong Kong and Macau.

Manufacturers Life Reinsurance Limited is a company incorporated in Barbados and an indirect wholly-owned subsidiary of Manulife Financial Corporation and is principally engaged in reinsurance business with Manulife affiliates.

INFORMATION ON CHINA LIFE TRUSTEES AND CHINA LIFE

China Life Trustees was founded in 1995 and a wholly-owned subsidiary of China Life. China Life Trustees is one of the trustees approved by the Mandatory Provident Fund Authority to administer the registered Mandatory Provident Fund schemes (MPFs) in Hong Kong. China Life Trustees' major business relates to unit trust schemes, MPFs and Occupational Retirement Schemes Ordinance schemes.

China Life is a wholly-owned subsidiary of China Life Group, the PRC's largest financial insurance corporation. China Life currently has presence in Hong Kong, Macau, Singapore and Indonesia. As of 2017, China Life had a total premium income exceeding HK\$70 billion. With a total asset value exceeding HK\$300 billion, the business covers three main categories, including life insurance, investment and provident fund services.

<p>“associate(s)”, “connected person at the subsidiary level”, “percentage ratio(s)”, “substantial shareholder(s)”, “subsidiary(ies)”</p>	<p>each has the meaning ascribed to it under the Listing Rules;</p>
<p>“China Life”</p>	<p>中國人壽保險(海外)股份有限公司 (China Life Insurance (Overseas) Company Limited), a company incorporated in the PRC with limited liability;</p>
<p>“China Life Group”</p>	<p>中國人壽保險(集團)公司 (China Life Insurance (Group) Company), a company incorporated in the PRC with limited liability;</p>
<p>“China Life Trustees”</p>	<p>China Life Trustees Limited, a wholly-owned subsidiary of China Life;</p>
<p>“Company”</p>	<p>Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 272);</p>
<p>“Control”</p>	<p>having the direct or indirect power to, directly or indirectly, direct the management or policies, or control the membership of the board of directors, of the relevant company, including a holding of more than 50% of the voting rights in such company;</p>
<p>“Director(s)”</p>	<p>directors of the Company;</p>
<p>“Framework Agreement”</p>	<p>the framework agreement dated 29 December 2018 entered into between Shui On Investor, Shui On Manager, Manulife Investors and China Life Trustees in relation to the formation and the management of the Joint Venture;</p>
<p>“Group”</p>	<p>the Company and its subsidiaries;</p>
<p>“HK\$”</p>	<p>Hong Kong dollars, the lawful currency of Hong Kong;</p>

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Investor(s)”	the investors of the Joint Venture as may be admitted by Shui On Manager (as the investment manager of the Joint Venture) from time to time under the Framework Agreement;
“Joint Venture”	the joint venture to be established by Shui On Investor, Manulife Investors and China Life Trustees under the Framework Agreement to engage in the investment, management and administration of properties in the PRC (including the Property);
“JV Companies”	joint venture companies to be established under the Framework Agreement, being vehicles through which investment will be made in respect of properties of the Joint Venture by Investors and a “JV Company” shall mean any one of them;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Manulife Investors”	certain direct and indirect wholly-owned subsidiaries of Manulife Financial Corporation, a company incorporated in Canada, including Manulife (International) Limited, Manufacturers Life Reinsurance Limited, The Manufacturers Life Insurance Company and any other direct or indirect wholly-owned subsidiaries which may subsequently be admitted to the Joint Venture as Investors from time to time in accordance with the terms of the Framework Agreement;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“Property”	a Grade-A office building with an ancillary retail podium and car parks, located at 150 Hubin Road, Huangpu District, Shanghai, the PRC, known as Corporate Avenue 5, with a site area of 11,817 sq.m. and a total gross floor area of 102,330 sq.m.;

“Shareholders’ Deed”	the shareholders’ deed in relation to a JV Company (which has been established by the Joint Venture to invest in the Property) dated 29 December 2018 entered into between Shui On Investor, Manulife Investors, China Life Trustees, SOL Separate Entity and such JV Company;
“Shui On Investor”	Ally Victory Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company;
“Shui On Manager”	Oasis Power Management Limited, a company incorporated in the Cayman Islands and an indirect wholly-owned subsidiary of the Company;
“SOL Separate Entity”	Shui On Development (Holding) Limited, a company incorporated in the Cayman Islands and a direct wholly-owned subsidiary of the Company;
“sq.m.”	square metre, unit of area;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

Translation of US\$ into HK\$ in this announcement is based on the approximate exchange rate of US\$1.00 to HK\$7.80, for information purposes only. Such translations should not be construed as representations that the relevant amounts have been, could have been, or could be converted at that or any other rate or at all.

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

Hong Kong, 31 December 2018

At the date of this announcement, the executive Directors are Mr. Vincent H. S. LO (Chairman), Mr. Douglas H. H. SUNG (Chief Financial Officer) and Ms. Stephanie B. Y. LO; the non-executive Director is Mr. Frankie Y. L. WONG; and the independent non-executive Directors 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*