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C C Land Holdings Limited

中渝置地控股有限公司

(Incorporated in Bermuda with limited liability)

Website: www.ccland.com.hk

(Stock Code: 1224)

CONNECTED TRANSACTION

On 6 September 2013, Verakin Property entered into the Agreement to acquire 57% of the Project Interest for a total consideration of RMB200,000,000 (equivalent to approximately HK\$251,400,000).

GENERAL

HSYJ is beneficially owned as to 90% by BJGJ and 10% by an Independent Third Party. BJGJ is owned and controlled by Mr. Wu and Mr. Yuan, both of whom are connected persons of the Company at the level of subsidiaries. HSYJ is therefore a connected person of the Company at the level of subsidiaries by virtue of it being an associate (as defined in the Listing Rules) of both Mr. Wu and Mr. Yuan, and the Acquisition constitutes a connected transaction of the Company under the Listing Rules. As the applicable percentage ratio exceeds 1% but is below 5%, the Acquisition is subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirement.

1. THE ACQUISITION

1.1 Date of the Agreement

6 September 2013

1.2 Parties

Vendor: HSYJ

Purchaser: Verakin Property

1.3 Assets to be acquired

57% of the Project Interest

Pursuant to the Agreement, HSYJ will invest in kind by injecting the Land into the Project Division agreed to be valued at RMB150,000,000 (equivalent to approximately HK\$188,550,000) whereas Verakin Property will invest RMB200,000,000 (equivalent to approximately HK\$251,400,000) in cash into the Project Division for the Project. The parties' respective entitlements to the Project Interest will be in the following proportion:

HSYJ: 43%

Verakin Property: 57%

1.4 Consideration

The total consideration for the Acquisition is RMB200,000,000 (equivalent to approximately HK\$251,400,000) and shall be paid by Verakin Property in the following manner:

- (i) as to RMB100,000,000 (equivalent to approximately HK\$125,700,000), by transferring the Security Deposit to the Project Division within 3 working days after fulfillment of all the Conditions Precedent in accordance with the Agreement; and
- (ii) as to the balance of RMB100,000,000 (equivalent to approximately HK\$125,700,000), by paying to the Project Division by installments at such times and in such amounts in accordance with the funding requirements of the Project.

The Acquisition represents an effective cost to Verakin Property of RMB200,000,000 (equivalent to approximately HK\$251,400,000) for the Project on a 57% basis. Based on the existing plot ratio of 1.0 for the Land, the accommodation value to Verakin Property is approximately RMB1,570 (equivalent to approximately HK\$1,970) per sqm. The consideration also represents a discount of 3% to the value of the Project of RMB362,000,000 (equivalent to approximately HK\$455,034,000) comprising the market value of the Land of RMB162,000,000 (equivalent to approximately HK\$203,634,000), or RMB1,700 (equivalent to approximately HK\$2,140) per sqm, in an assumed state of clear site as at 30 June 2013 as determined by an independent firm of professional valuers based on, among other things, the existing plot ratio of 1.0 and the RMB200,000,000 (equivalent to approximately HK\$251,400,000) cash to be invested by Verakin Property after fulfillment of all the Conditions Precedent.

The consideration for the Acquisition was determined following arm's length negotiations between Verakin Property and HSYJ and will be financed by internal resources of Verakin Property. The Directors consider that the consideration is fair and reasonable.

1.5 Security deposit

As security for its performance under the Agreement, Verakin Property shall pay the Security Deposit to HSYJ within 3 working days from the date of signing the Agreement. After fulfillment of all the Conditions Precedent in accordance with the Agreement, HSYJ shall within 3 working days thereafter transfer the Security Deposit into the bank account of the Project Division in partial satisfaction of the consideration to be paid by Verakin Property pursuant to the Agreement. In the event of termination of the Agreement as set out in Paragraph 1.6 headed "Conditions Precedent" below, the Security Deposit shall be returned to Verakin Property in accordance with the provisions outlined in that paragraph.

1.6 Conditions Precedent

The Conditions Precedent mentioned at sub-paragraph (i) of Paragraph 1.4 headed "Consideration" above are:

- (a) HSYJ shall be responsible for increasing the plot ratio of the Land to a value not less than 3.0, and bear all additional land premium and associated expenses for the increase which shall not be accounted for as investment by HSYJ in the Project; and
- (b) HSYJ shall be responsible for clearing the Land, removing all encumbrances, and discharging all notices, orders and penalties, if any, from or imposed by land authorities and other government bodies adversely affecting the development of the Land (including bearing all associated expenses) so that the Land shall be in a condition ready for commencing development pursuant to applicable laws.

HSYJ undertakes and agrees to use reasonable endeavours to procure fulfillment of all the Conditions Precedent to the satisfaction of Verakin Property within the CP Period. In the event that the Conditions Precedent are not all fulfilled in accordance with the Agreement for whatever reason, the Agreement shall automatically terminate (unless otherwise agreed by the parties) and each of Verakin Property and HSYJ shall be released from all obligations (except for confidentiality) thereunder, save that HSYJ shall return the Security Deposit to Verakin Property within 3 working days following the expiry of the CP Period and pay a liquidated sum of RMB18,000,000 (equivalent to approximately HK\$22,626,000) agreed by HSYJ as a reasonable compensation (and not as a penalty) to Verakin Property.

1.7 Verakin Property's right to withdraw

Notwithstanding any other provisions in the Agreement, at any time after 12 months from the date of signing the Agreement, if the Conditions Precedent have not yet been all fulfilled in accordance with the Agreement for whatever reason, Verakin Property is entitled (but not obliged to) by written notice to HSYJ to demand the return of the Security Deposit and terminate the Agreement. Upon receipt of the notice if issued, HSYJ shall within 3 working days return the Security Deposit to Verakin Property and the parties shall thereafter be released from all obligations (except for confidentiality) under the Agreement.

1.8 Management of the Project

HSYJ shall establish the Project Division as an independent division within the organization of HSYJ solely for the Project. Verakin Property shall, through the Project Division, be responsible for the management of the Project, conducting the ordinary and usual business and affairs of the Project and performing such duties as would customarily be performed by a board of directors of a corporation. HSYJ shall be responsible for assisting in the financial supervision of the Project.

1.9 Funding obligations

- (a) Unless otherwise agreed between the parties, apart from the amount to be invested by Verakin Property, all further funding for the Project shall be provided by bank loans, loans from third parties and proceeds from pre-sale of the Project, such that no party shall be obliged to provide any further funding for the Project.
- (b) Bank loans and loans from third parties required by the Project may be secured by assets of the Project. If any additional guarantee is required to be provided by the parties, it shall be provided on a several basis by the parties (including their associated companies) in accordance with the Project Interest Ratio.

2. INFORMATION ON THE GROUP

The core business of the Group is property development and investment in Western China and treasury investment.

3. INFORMATION ON HSYJ

To the best knowledge of the Directors, HSYJ is a company established in the PRC in 2001 with a current registered and paid-up capital of RMB100,000,000 (equivalent to approximately HK\$125,700,000). Its scope of business includes property development and sale, and real estate management. Currently, HSYJ is holding the Land for development. HSYJ is beneficially owned as to 90% by BJGJ and 10% by an Independent Third Party. BJGJ is an entity established in the PRC and is owned and controlled as to 66.67% by Mr. Wu and 33.33% by Mr. Yuan.

4. INFORMATION ON THE PROJECT

The Land was originally acquired by HSYJ in 2003 at a total cost of RMB12,087,000 (equivalent to approximately HK\$15,193,000). Accordingly, HSYJ's original cost of the 57% of the Project Interest to be acquired by Verakin Property amounts to the sum of RMB6,889,590 (equivalent to approximately HK\$8,660,000).

The Land has an area of approximately 95,312 sqm. HSYJ has obtained the Land Use Certificate in respect of the Land, being Land Use Right Certificate Yu Guo Yong (2003) No. 562, for a term of 50 years for residential purposes with a plot ratio of 1.0. Based on a plot ratio of 3.0, the Project will have approximately 285,936 sqm GFA. As at the date of this announcement, there are several buildings and structures erected on the Land pending clearance and demolition by HSYJ pursuant to the Conditions Precedent.

The financial highlights and operating results of HSYJ are as follows:

	6 months ended <u>30 June 2013</u> RMB'000 (Unaudited)	12 months ended <u>31 December 2012</u> RMB'000 (Audited)	12 months ended <u>31 December 2011</u> RMB'000 (Audited)
Turnover	38,584	1,544	-
Profit (Loss) Before Tax	7,609	(1,010)	(18,359)
Net Profit (Loss)	7,609	(1,010)	(18,359)

	As at <u>30 June 2013</u> RMB'000 (Unaudited)	As at <u>31 December 2012</u> RMB'000 (Audited)	As at <u>31 December 2011</u> RMB'000 (Audited)
Total Assets	573,613	329,632	335,091
Total Liabilities	489,508	284,415	288,864
Net Assets	84,105	45,217	46,227

5. REASONS FOR AND BENEFITS OF THE ACQUISITION

Despite the Group's expansion into other major cities in Western China, Chongqing has remained its home territory. Currently the Group has no less than 19 projects of various types in Chongqing in different stages of development covering CBD-type commercial property, high-end residential flats, low-rises villas and town houses, and "rigid-demand" home units. As one of the most dynamic property developers in Chongqing, the Group regularly canvasses the market for available land resources to maintain this diversified portfolio mix.

The Project is located in the Nan'an District in Chongqing, the same district as Verakin Property's highly successful project, Verakin New Park City, which will go into its final development phases in the near future. Located in the low development-density part of the Nan'an District, the Project has the advantage of having the Nan Shan Green Belt and scenic points in its vicinity. Under the Agreement, as part of the Conditions Precedent HSYJ shall be responsible for increasing the plot ratio of the Land to a value not less than 3.0, which plans to develop the Project to enter the same market sector as the Verakin New Park City. The Directors expect that the Agreement, if successfully completed, will not only help maintain the Group's portfolio mix in Chongqing, but will also benefit Verakin Property by further increasing its market share in the Nan'an District property market.

During the continuance of the Agreement, Verakin Property's entitlement to the Project Interest will be consolidated in the consolidated financial statements of the Company.

The Directors (including the independent non-executive Directors) consider that the terms of the Agreement have been negotiated on an arm's length basis and on normal commercial terms and the terms thereof are fair and reasonable and are in the best interests of the Group and the shareholders of the Company as a whole. As no Director has a material interest in the transactions contemplated under the Agreement, none of them are required to abstain from voting on the board resolutions relating thereto.

6. GENERAL

HSYJ is beneficially owned as to 90% by BJGJ and 10% by an Independent Third Party. As BJGJ is owned and controlled by Mr. Wu and Mr. Yuan, HSYJ is an associate (as defined in the Listing Rules) of both Mr. Wu and Mr. Yuan. Mr. Wu is a connected person of the Company at the level of subsidiaries by virtue of him being the majority beneficial owner controlling Verakin Group and a director of Verakin Property and a subsidiary of Verakin Property. Mr. Yuan is also a connected person of the Company at the level of subsidiaries by virtue of him being a director of both Verakin Property and its certain subsidiaries. As a result, HSYJ is also a connected person of the Company at the level of subsidiaries and the Acquisition constitutes a connected transaction of the Company under the Listing Rules. As the applicable percentage ratio exceeds 1% but is below 5%, the Acquisition is subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirement.

7. DEFINITIONS

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

“Acquisition”	the acquisition by Verakin Property of 57% of the Project Interest pursuant to the Agreement
“Agreement”	the project investment agreement dated 6 September 2013 entered into between Verakin Property and HSYJ for the Acquisition
“BJGJ”	北京共景投資有限公司 (Beijing Gong Jing Investment Company Limited), a company established in the PRC with limited liability
“Board”	the board of Directors
“Company”	C C Land Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange
“Conditions Precedent”	the conditions precedent as set out in paragraph 1.6 headed “Conditions Precedent”
“CP Period”	a period of 18 months from the date of signing the Agreement or such other period as may be agreed between Verakin Property and HSYJ
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HSYJ”	重慶宏聲遠景實業（集團）有限公司 (Chongqing Hong Sheng Yuan Jing Industrial (Group) Company Limited), a company established in the PRC with limited liability
“Independent Third Party”	independent third party who is not a connected person (as defined under the Listing Rules) of the Company and is independent of and not connected with the Company or its connected person(s)
“Land”	a land plot with a total site area of 95,312 sqm located in 重慶市南岸區黃桷壩鎮聯合村 (Lianhe Village, Huang Jue Ya Town, Nan'an District, Chongqing)
“Land Use Certificate”	中華人民共和國國有土地使用證 (Certificate for the Use of State-owned Land in the PRC)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wu”	吳先紅先生 (Mr. Wu Xianhong), the majority beneficial owner controlling Verakin Group and a director of Verakin Property and a subsidiary of Verakin Property
“Mr. Yuan”	袁軍先生 (Mr. Yuan Jun), a substantial shareholder of Verakin Group and a director of both Verakin Property and its certain subsidiaries
“PRC”	the People’s Republic of China
“Project”	the development and construction of residential properties on the Land for sale
“Project Division”	an independent division within the organization of HSYJ solely for the Project
“Project Interest”	the interest in the Land and the Project and the returns on investment from the Project as determined pursuant to the Agreement
“Project Interest Ratio”	the respective entitlements of HSYJ and Verakin Property to the Project Interest in the proportion of 43%:57%
“RMB”	Renminbi, the lawful currency of the PRC
“sqm”	square metres
“Security Deposit”	the sum of RMB100,000,000 (equivalent to approximately HK\$125,700,000) to be paid by Verakin Property as security deposit under the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Verakin Group”	同景集團有限公司(Verakin Group Company Limited), a company established in the PRC with limited liability and a substantial shareholder of Verakin Property
“Verakin Property”	重慶同景置業有限公司 (Chongqing Verakin Real Estate Company Limited), a company established in the PRC with limited liability and owned as to 51% indirectly by the Company and 49% directly by Verakin Group
“%”	percent

By order of the Board
Lam How Mun Peter
Deputy Chairman and Managing Director

Hong Kong, 6 September 2013

As at the date of this announcement, the Board comprises Mr. Cheung Chung Kiu, Dr. Lam How Mun Peter, Mr. Tsang Wai Choi, Mr. Leung Chun Cheong and Mr. Leung Wai Fai as Executive Directors; Mr. Wong Yat Fai as Non-executive Director; and Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Prof. Wong Lung Tak Patrick as Independent Non-executive Directors.

The English names / translations of the companies established in the PRC, relevant authorities in the PRC and other Chinese terms used in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.

In this announcement, RMB has been converted to HK\$ at the rate of RMB1 = HK\$1.257 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.