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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](http://www.ccland.com.hk)*

**(Stock Code: 1224)**

### **CONNECTED TRANSACTIONS**

On 10 February 2010 Verakin Property entered into the Acquisition Agreement to acquire from Verakin Group 51% equity interest of the Target Company and the benefit of the Shareholder's Loan for a total consideration of RMB43,407,448.60 (equivalent to approximately HK\$49,268,000) in cash.

The Acquisition involves, on its completion, the novation of the Joint Venture Agreement so that Verakin Property will replace Verakin Group as a party to the Joint Venture Agreement. Under the Joint Venture Agreement as novated, Verakin Property will provide the Profit Guarantee to Xinhua Bookstore and procure the Target Company to grant the Property Purchase Option to Xinhua Bookstore Group.

#### **GENERAL**

As Verakin Group is a substantial shareholder of Verakin Property, it is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As Xinhua Bookstore owns the remaining 49% equity interest of the Target Company, transactions between Verakin Property and Xinhua Bookstore under the Joint Venture Agreement as novated, including the Profit Guarantee and the Property Purchase Option, constitute connected transactions of the Company. As the applicable percentage ratio for the Acquisition and the transactions under the Joint Venture Agreement as novated individually and when aggregated exceeds 0.1% but is below 2.5%, the transactions are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements.

### **1. THE ACQUISITION**

#### **1.1 Date of the Acquisition Agreement**

10 February 2010

#### **1.2 Parties to the Acquisition Agreement**

Purchaser: Verakin Property, an indirect subsidiary of the Company

Vendor: Verakin Group, a substantial shareholder of Verakin Property

### **1.3 Assets to be acquired**

51% equity interest of the Target Company and the benefit of the Shareholder's Loan

### **1.4 Consideration**

A total consideration of RMB43,407,448.60 (equivalent to approximately HK\$49,268,000), representing the aggregate sum of (i) an amount of RMB25,500,000 (equivalent to approximately HK\$28,943,000) representing the price for acquiring 51% equity interest of the Target Company (the "Equity Consideration") and (ii) an amount of RMB17,907,448.60 (equivalent to approximately HK\$20,325,000) representing the consideration for acquiring the benefit of the Shareholder's Loan (the "Loan Consideration"). The consideration shall be paid on completion of the Acquisition.

The consideration was arrived at following arm's length negotiations between Verakin Group and Verakin Property. The Equity Consideration was determined having regard to the Target Company's net asset value of approximately RMB45,441,000 (equivalent to approximately HK\$51,576,000) as shown in its unaudited balance sheet as at 4 February 2010, and also to the amount of RMB25,500,000 (equivalent to approximately HK\$28,943,000) subscribed by Verakin Group for its 51% equity interest upon incorporation of the Target Company. The Loan Consideration equals the amount owing under the Shareholder's Loan as at the aforesaid date of 4 February 2010. The Directors consider the consideration for the Acquisition to be fair and reasonable. The Group will fund the Acquisition out of its internal resources.

### **1.5 The Joint Venture Agreement**

The Acquisition involves, on its completion, the novation of the Joint Venture Agreement so that Verakin Property will replace Verakin Group as a party to the Joint Venture Agreement. Principal features of the Joint Venture Agreement, as novated, are:

#### ***Parties to the Joint Venture Agreement***

- (i) Verakin Property; and
- (ii) Xinhua Bookstore.

#### ***Profit Sharing on the development of the Land Site***

Verakin Property is entitled to 51% of the after-tax profit from the development of the Land Site and Xinhua Bookstore entitled to 49%.

#### ***Project Management and Profit Guarantee***

Verakin Property has the overall management and control of the development of the Land Site. As assurance for Xinhua Bookstore being the passive partner, Verakin Property guarantees Xinhua Bookstore's total share of after-tax profit from the development of the Land Site to be not less than RMB15,000,000 (equivalent to approximately HK\$17,025,000). The shortfall, if any, will be paid by Verakin Property to Xinhua Bookstore.

#### ***The Property Purchase Option***

Xinhua Bookstore Group, the holding company of Xinhua Bookstore, shall have the option to acquire from the Target Company 7,500 sqm of the commercial area on the 3<sup>rd</sup> and 4<sup>th</sup> floors of the property developed on the Land Site at the price of RMB4,500 (equivalent to approximately HK\$5,100) per sqm, and to acquire 2 car parking spaces each at the price of RMB25,000 (equivalent to approximately HK\$28,000). Xinhua Bookstore Group is entitled to exercise the Property Purchase Option within 12 months following completion of the development of the Land Site.

Assuming the Property Purchase Option is fully exercised, based on the current market price of the property which is subject to the Property Purchase Option, Xinhua Bookstore Group will acquire property having a total value of RMB52,620,000 (equivalent to approximately HK\$59,724,000) by payment of a total sum of RMB33,800,000 (equivalent to approximately HK\$38,363,000) on exercise.

In the event that Xinhua Bookstore Group exercises the Property Purchase Option, the Company will assess the impact upon such exercise and make further announcement and/or re-comply with the Listing Rules as may be required.

## **1.6 Completion**

Completion of the Acquisition shall take place after obtaining approval from SAIC for the transfer of the 51% equity interest of the Target Company to Verakin Property and upon the date immediately following the handover to Verakin Property of all books, documents, paper materials, seals and other property belonging to the Target Company.

## **2. INFORMATION ON THE GROUP**

The core business of the Group is property development and investment in Western China, manufacturing and trading of packaging and luggage products, as well as treasury investment.

## **3. INFORMATION ON VERAKIN GROUP**

To the Directors' best knowledge, Verakin Group is principally engaged in property development and investment in the PRC.

## **4. INFORMATION ON XINHUA BOOKSTORE**

To the Directors' best knowledge, Xinhua Bookstore is a subsidiary of the Chongqing branch of Xinhua Bookstore Group, a state-owned bookstore chain in the PRC.

## **5. INFORMATION ON THE TARGET COMPANY**

The Target Company was incorporated in Chongqing, the PRC on 16 July 2008 as a Chinese-foreign joint venture company with Verakin Group as a founding equity owner. Currently the Target Company has a registered capital of RMB50,000,000 (equivalent to approximately HK\$56,750,000) the entire amount of which has been paid up and is owned as to 51% by Verakin Group and 49% by Xinhua Bookstore. Verakin Group acquired its 51% equity interest by subscribing the sum of RMB25,500,000 (equivalent to approximately HK\$28,943,000) in cash on incorporation of the Target Company.

The principal business of the Target Company is ownership and development of the Land Site in Fuling District of Chongqing, a railroad and waterway transportation hub lying between urban Chongqing and Wanzhou District which is the largest district in Chongqing. The Land Site is located in the Nanmenshan region which is fast developing into a commercial and logistic centre of the district. The Land Site has an aggregate site area of approximately 8,292.6 sqm, of which 2,073.15 sqm are for commercial development and 6,219.45 sqm for residential development. According to the Land Use Right Contract, the Land Site has a maximum plot ratio of 7.68 and will provide in aggregate approximately 63,658 sqm GFA of residential and commercial property. Land premium for the Land Site in the sum of RMB44,560,000 (equivalent to approximately HK\$50,576,000) has been paid up in full, representing a land cost of about RMB700 (equivalent to approximately HK\$795) per sqm GFA. The Land Site is currently under development.

The financial highlights and operating results of the Target Company based on its PRC GAAP financial statements are as follows:

	<b>From 1 January 2010 to <u>4 February 2010</u> RMB'000 (Unaudited)</b>	<b>12 months ended <u>31 December 2009</u> RMB'000 (Unaudited)</b>	<b>From 16 July 2008 to <u>31 December 2008</u> RMB'000 (Audited)</b>
Turnover	-	-	-
Loss before Tax	(269)	(3,407)	(883)
Net Loss	(269)	(3,407)	(883)
	<b>As at <u>4 February 2010</u> RMB'000 (Unaudited)</b>	<b>As at <u>31 December 2009</u> RMB'000 (Unaudited)</b>	<b>As at <u>31 December 2008</u> RMB'000 (Audited)</b>
Total Assets	109,360	91,589	49,196
Shareholder's Loan	17,907	17,907	-
Other Liabilities	46,012	27,972	79
Total Liabilities	63,919	45,879	79
Net Assets	45,441	45,710	49,117

## 6. REASONS FOR AND BENEFITS OF THE ACQUISITION

Apart from the prime cities of Chongqing and Chengdu, the Group has also been well positioned in second-tier cities in Western China where the property markets are undergoing strong and sustained growth. The Acquisition will enhance the Group's property portfolio and market coverage in this market sector by allying with Xinhua Bookstore as a strategic partner. Further the business portfolio of Xinhua Bookstore's parent company would provide added impetus in the promotion and sales of both residential and commercial units in the project - the participation of Xinhua Bookstore under the Joint Venture Agreement and the grant of the Property Purchase Option provide the development on the Land Site with anchor buyers and tenants, and will generally enhance the value of the development.

The Target Company will become a 51% owned subsidiary of Verakin Property and 31.1% indirectly owned subsidiary of the Company after the Acquisition with its assets and liabilities consolidated in the financial statements of the Company. The Acquisition represents a premium of approximately RMB2,325,000 (equivalent to approximately HK\$2,639,000), being the difference between the consideration for the Acquisition and 51% of the net asset value of the Target Company as at 4 February 2010, and will be accounted for as part of the cost of properties under development in the consolidated accounts of the Company.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition 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.

## 7. GENERAL

As Verakin Group is a substantial shareholder of Verakin Property, it is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As Xinhua Bookstore owns the remaining 49% equity interest of the Target Company, transactions between Verakin Property and Xinhua Bookstore under the Joint

Venture Agreement as novated, including the Profit Guarantee and the Property Purchase Option, constitute connected transactions of the Company. As the applicable percentage ratio for the Acquisition and the transactions under the Joint Venture Agreement as novated individually and when aggregated exceeds 0.1% but is below 2.5%, the transactions are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements.

## 8. DEFINITIONS

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

“Acquisition”	the acquisition by Verakin Property of 51% equity interest of the Target Company and the benefit of the Shareholder’s Loan pursuant to the Acquisition Agreement
“Acquisition Agreement”	the equity transfer and loan assignment agreement dated 10 February 2010 entered into between Verakin Property and Verakin Group in relation to the Acquisition
“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
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Joint Venture Agreement”	a joint venture agreement dated 8 June 2009 entered into between Verakin Group and Xinhua Bookstore relating to the development of the Land Site, which on completion of the Acquisition will be novated to become a joint venture agreement between Verakin Property and Xinhua Bookstore
“Land Use Right Contract”	the land use right contract dated 22 August 2008 for the conveyance of state-owned land use right entered into between the Target Company and the Fu Ling District Land Resources Bureau, Chongqing pursuant to which the Target Company has been granted the right to accept conveyance of the land use right over the Land Site
“Land Site”	a land site located in 重慶涪陵區南門山 (Nanmenshan, Fuling District, Chongqing)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“Profit Guarantee”	the guarantee that Xinhua Bookstore’s total share of after-tax profit from the development of the Land Site to be not less than RMB15,000,000 (equivalent to approximately HK\$17,025,000)
“Property Purchase Option”	the option granted to Xinhua Bookstore Group under the Joint Venture Agreement, as novated, to acquire from the Target Company 7,500 sqm of the commercial area at the price of RMB4,500 (equivalent to approximately HK\$5,100) per sqm and 2 car parking spaces at the price of RMB25,000 (equivalent to approximately HK\$28,000) each
“RMB”	Renminbi, the lawful currency of the PRC
“SAIC”	State Administration for Industry and Commerce of the PRC, including its branches and delegated authorities, being the relevant authority for approval and registration of the transfer of the 51% equity interest of the Target Company
“sqm”	square meters
“Shareholder’s Loan”	the amount of RMB17,907,448.60 (equivalent to approximately HK\$20,325,000) advanced by Verakin Group to the Target Company as unsecured, interest-free loan repayable on demand
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Target Company”	同景文龍置地有限公司 (Verakin Wenlong Real Estate Company Limited), a company established in the PRC
“Verakin Group”	同景集團有限公司 (Verakin Group Company Limited), a company established in the PRC
“Verakin Property”	重慶同景置業有限公司 (Chongqing Verakin Real Estate Company Limited), a company established in the PRC and is owned as to 61% by 重慶頂添置業有限公司 (Chongqing Top Pioneer Realty Company, an indirect wholly-owned subsidiary of the Company) and 29.9% by Verakin Group, with the remaining 9.1% being held by an independent third party
“Xinhua Bookstore”	重慶新華書店集團房地產開發有限公司 (Chongqing Xinhua Bookstore Group Real Estate Development Limited), a company established in the PRC
“Xinhua Bookstore Group”	重慶新華書店集團公司 (Chongqing Xinhua Bookstore Group Company), a company established in the PRC and the holding company of Xinhua Bookstore
“%”	per cent

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

Hong Kong, 10 February 2010

*As at the date of this announcement, the Board comprises Mr. Cheung Chung Kiu, Dr. Lam How Mun Peter, Mr. Tsang Wai Choi, Mr. Lam Hiu Lo, Mr. Leung Chun Cheong, Mr. Leung Wai Fai, Ms. Poon Ho Yee Agnes, Dr. Wong Kim Wing and Mr. Wu Hong Cho as Executive Directors; Mr. Wong Yat Fai as Non-executive Director; and Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Dr. 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\$1.135 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.*

*\* For identification purposes only*