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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 TRANSACTION**

On 1 February 2011, Verakin Property entered into the Acquisition Agreement to acquire from Verakin Group 51% interest of the registered capital in, and 51% share of the aggregate shareholder's loans advanced or to be advanced to, the Target Company for a total consideration of RMB106,915,443 (equivalent to approximately HK\$126,160,000).

#### **GENERAL**

As Verakin Group is a substantial shareholder of Verakin Property, an indirect subsidiary of the Company, it is a connected person of the Company at the level of subsidiaries and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratio exceeds 1% but is below 5%, the Acquisition is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval.

### **1. THE ACQUISITION**

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

1 February 2011

#### **1.2 Parties**

Vendor: Verakin Group

Purchaser: Verakin Property

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

51% interest of the registered capital in, and 51% share of the aggregate shareholder's loans advanced or to be advanced to, the Target Company.

The principal assets of the Target Company are the Land, comprising 3 adjacent land plots with a total site area of 186,345 sqm, of which a Land Use Certificate has been issued and delivered to the Target Company in respect of 118,449 sqm, and Land Use Certificates in respect of the remaining 67,896 sqm are under processing. As at 31 December 2010, the Target Company had total outstanding shareholder's loans of RMB99,323,924 (equivalent to approximately HK\$117,202,000) ("Existing Shareholder's Loan") being advances to the Target Company

made in the course of its acquisition of the Land. In addition, the Target Company will have to make a further payment of RMB30,483,019 (equivalent to approximately HK\$35,970,000) for the issue and delivery of the Land Use Certificates in respect of the remaining 67,896 sqm of the Land.

#### 1.4 Consideration

The consideration for the Acquisition is the aggregate sum of RMB106,915,443 (equivalent to approximately HK\$126,160,000), comprising:

- (a) a sum of RMB40,713,902 (equivalent to approximately HK\$48,042,000) being the consideration for 51% interest of the registered capital of the Target Company; and
- (b) a sum of RMB66,201,541 (equivalent to approximately HK\$78,118,000) being the consideration for a 51% share of the aggregate sum of up to RMB129,806,943 (equivalent to approximately HK\$153,172,000) provided, or to be provided prior to completion of the Acquisition, to the Target Company as shareholder's loans and comprising: (i) the Existing Shareholder's Loan of RMB99,323,924 (equivalent to approximately HK\$117,202,000); and (ii) a further sum of up to RMB30,483,019 (equivalent to approximately HK\$35,970,000), which sum shall be advanced by Verakin Group to the Target Company to procure the issue and delivery to the Target Company of the Land Use Certificates in respect of the remaining 67,896 sqm of the Land prior to completion of the Acquisition as stated in paragraph 1.5 headed "Conditions precedent" below (together with the Existing Shareholder's Loan, the "**Verakin Group Loan**").

The consideration shall be paid to, or to the order of, Verakin Group in the following manner:

- (i) RMB90,878,127 (equivalent to approximately HK\$107,236,000) to be paid within 10 working days following completion of the Acquisition; and
- (ii) RMB16,037,316 (equivalent to approximately HK\$18,924,000) to be paid within 3 months following completion of the Acquisition.

Pursuant to an agreement dated 30 December 2010, Verakin Group acquired from the former owners the entire registered capital in the Target Company together with the benefit of the Existing Shareholder's Loan at the aggregate consideration of RMB176,410,000 (equivalent to approximately HK\$208,164,000). As stated earlier in this paragraph 1.4 above, it is intended that Verakin Group shall provide a further sum of up to RMB30,483,019 (equivalent to approximately HK\$35,970,000) to procure the issue and delivery of the Land Use Certificates in respect of the remaining 67,896 sqm of the Land prior to completion of the Acquisition. Accordingly, on completion of the Acquisition, the cost to Verakin Group for a 100% interest in the Target Company shall be the sum of RMB206,893,019 (equivalent to approximately HK\$244,134,000). The consideration to Verakin Property of RMB106,915,443 (equivalent to approximately HK\$126,160,000) for the Acquisition therefore represents a slight premium of approximately 1.3% over the cost to Verakin Group for the same proportional interest in the Target Company, which took into account the obligations of Verakin Group under the guarantee described in paragraph 1.6 headed "Guarantee by Verakin Group" below.

The Acquisition represents an effective cost to Verakin Property of about RMB209,633,000 (equivalent to approximately HK\$247,367,000) for the Land on a 100% basis. Based on the maximum plot ratio of between 1.4 and 1.7 for the Land, the accommodation value to Verakin Property is approximately RMB700 (equivalent to approximately HK\$826) per sqm, which compares favourably with prices of land offered in the vicinity. The consideration also represents a discount of 59% to the market value of the Land of RMB517,600,000 (equivalent to approximately HK\$610,768,000) as at 31 December 2010 as determined by an independent firm of professional valuers.

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

### **1.5 Conditions precedent**

The Acquisition shall be conditional upon:

- (a) Verakin Group having provided to the Target Company a further sum as shareholder's loan to procure the issue and delivery to the Target Company of the Land Use Certificates in respect of the remaining 67,896 sqm of the Land. The Verakin Group Loan after such further sum shall not exceed RMB129,806,943 (equivalent to approximately HK\$153,172,000) and any excess shall be borne by Verakin Group; and
- (b) Verakin Group having provided to Verakin Property a written confirmation as to the transfer of the Existing Shareholder's Loan and the release of all the Target Company's repayment obligations towards its former equity holders.

If the above conditions are not all fulfilled (or waived at the election of Verakin Property) within 10 working days of the date of the Acquisition Agreement (or such other date as the parties may agree in writing), the Acquisition Agreement shall lapse and each of Verakin Group and Verakin Property shall be released from all obligation thereunder, save for any antecedent breach.

### **1.6 Guarantee by Verakin Group**

Verakin Group guarantees that, except the payment of RMB30,483,019 (equivalent to approximately HK\$35,970,000) for the issue and delivery of the Land Use Certificates in respect of the remaining 67,896 sqm of the Land and certain outstanding taxes in respect of the Land, the Target Company has no liabilities other than those disclosed in the audited financial statements of the Target Company as at 31 December 2010, save for liabilities amounting in aggregate to a maximum sum not exceeding RMB250,000 (equivalent to approximately HK\$295,000), and undertakes to recompense Verakin Property in full for any such excess liabilities.

### **1.7 Completion**

Within 3 working days following fulfilment of all the conditions precedent to the Acquisition, Verakin Group shall lodge with SAIC documents for the registration of the change in particulars of the Target Company in respect of the transfer of 51% of the registered capital in the Target Company, and completion of the Acquisition shall take place upon Verakin Group handing over all corporate documents and official seal of the Target Company from Verakin Group to Verakin Property, and effecting the transfer to Verakin Property of a 51% interest in the Verakin Group Loan.

## **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. As at the date of this announcement, Verakin Group holds 39% interest in the registered capital of Verakin Property.

#### 4. INFORMATION ON THE TARGET COMPANY

The Target Company is a property development company incorporated in the PRC in December 2004 with a registered capital of RMB20,000,000 (equivalent to approximately HK\$23,600,000) which has been fully paid up. The Target Company is an abutting property owner of 同景國際城 (Verakin New Park City), a 1.3 million sqm development project of the Group located in 茶園新城區 (Chayuan New District) of Chongqing. As at the date of this announcement Verakin Group owns the entire registered capital in the Target Company and the benefit of the Existing Shareholder's Loan.

The Land comprises 3 land plots with a total site area of 186,345 sqm lying adjacent to 重慶南岸區新城區世紀大道 (Century Road, New District, Nan'an District, Chongqing), all of which directly edge on the land plots owned by Verakin Property in the 同景國際城 (Verakin New Park City). The Land is currently vacant and held for development by the Target Company, with a maximum plot ratio of between 1.4 and 1.7 for the 3 land plots. The Land can provide a maximum of approximately 301,000 sqm GFA of low density residential property with community facilities which include supermarkets, clinics, schools and a sports centre.

The financial highlights and operating results of the Target Company for the years ended 31 December 2010 and 2009 based on its PRC audited financial statements for these two years are as follows:

	<b><u>12 months ended</u></b> <b><u>31 December 2010</u></b> <b>RMB'000</b> <b>(Audited)</b>	<b><u>12 months ended</u></b> <b><u>31 December 2009</u></b> <b>RMB'000</b> <b>(Audited)</b>
Turnover	-	-
Profit (Loss) Before Tax	-	(3,137)
Net Profit (Loss)	-	(3,137)

  

	<b><u>As at</u></b> <b><u>31 December 2010</u></b> <b>RMB'000</b> <b>(Audited)</b>	<b><u>As at</u></b> <b><u>31 December 2009</u></b> <b>RMB'000</b> <b>(Audited)</b>
Total Assets ( <i>Note</i> )	116,005	116,005
Total Liabilities	99,324	99,324
Net Assets	16,681	16,681

*Note: No value for the remaining 67,896 sqm of the Land is shown as the Land Use Certificates in respect thereof have not been issued to the Target Company.*

#### 5. REASONS FOR AND BENEFITS OF THE ACQUISITION

Due to the continuing improvement in the Chinese economy and the growth of the affluent class, there is a constant demand for high quality, low density property. Located at the regional centre of 茶園新城區 (Chayuan New District), the Land is well suited for such development. The district is one of the focal points for new residential and commercial development in the city of Chongqing and is conveniently linked to inner city districts through Chongqing's highway system. A light rail route to the city centre is already under construction for commencement of operation in 2012 and additional highway links are now being planned, all of which will integrate the district with the rest of the municipal Chongqing. The Acquisition is therefore consistent with the business strategy of the Company to expand its quality land bank and real estate development in Western China.

Due to its location abutting the 同景國際城 (Verakin New Park City) site, the Land can be developed as an extension of this highly successful project, which has been designed and managed by Verakin Property. Such a mode of development will benefit both Verakin Property and the Target Company as a whole by its synergy effect. It is also for this reason that Verakin Group entered into the Acquisition Agreement. After the Acquisition, Verakin Property will as the majority equity owner of the Target Company be charged with development and property sales for the Land.

After completion of the Acquisition, the Target Company will become a 51% owned subsidiary of Verakin Property. As Verakin Property is a 61% owned indirect subsidiary of the Company, the assets and liabilities of the Target Company will be consolidated in the financial statements of the Company, and the Company will have a 31% attributable interest in the results of the Target 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. As no Directors have a material interest in the transactions contemplated under the Acquisition Agreement, none of them are required to abstain from voting on the board resolutions.

## 6. GENERAL

As Verakin Group is a substantial shareholder of Verakin Property, an indirect subsidiary of the Company, it is a connected person of the Company at the level of subsidiaries and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratio exceeds 1% but is below 5%, the Acquisition is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval.

## 7. DEFINITIONS

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

“Acquisition”	the acquisition by Verakin Property of 51% interest of the registered capital in, and 51% share of the aggregate shareholder's loans advanced or to be advanced to, the Target Company from Verakin Group pursuant to the Acquisition Agreement
“Acquisition Agreement”	the equity transfer agreement dated 1 February 2011 entered into between Verakin Group and Verakin Property 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Land”	3 adjacent land plots with a total site area of 186,345 sqm located adjacent to 重慶南岸區新城區世紀大道(Century Road, New District, Nan’an District, Chongqing)
“Land Use Certificate(s)”	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
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SAIC”	State Administration for Industry and Commerce of the PRC, including its branches and delegated authorities
“sqm”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	重慶聯星投資有限公司 (Chongqing Lian Xing Investment Company Limited), a company wholly-owned by Verakin Group incorporated in the PRC
“Verakin Group”	同景集團有限公司 (Verakin Group Company Limited), a privately-owned enterprise incorporated in the PRC
“Verakin Property”	重慶同景置業有限公司 (Chongqing Verakin Real Estate Company Limited), a company incorporated in the PRC and indirectly owned as to 61% by the Company
“%”	percent

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

Hong Kong, 1 February 2011

*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\$1.18 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*