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## **Future Land Development Holdings Limited**

### **新城發展控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1030)**

## **DISCLOSEABLE TRANSACTION IN RELATION TO FORMATION OF JOINT VENTURE FOR THE DEVELOPMENT OF A LAND PARCEL IN TAIHU, SUZHOU**

On 20 October 2014, the Company's subsidiaries, Jiangsu Future Land, Suzhou Chuangjia, Kunshan Chuanghong, and Suzhou Wanrui entered into the Agreement with Gefei Asset and the Fund, stipulating the Joint Venture in relation to the development of the Target Land Parcel located in Taihu District, Suzhou, the PRC.

As the highest applicable percentage ratio under the Agreement exceeds 5% but is less than 25%, the formation of Joint Venture constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement requirement but exempt from the Shareholders' approval under Chapter 14 of the Listing Rules.

Pursuant to the terms of the Agreement and subject to certain conditions being satisfied, the Fund will invest a total of up to RMB600 million (of which RMB95 million is equity capital, RMB500 million is an interest bearing entrusted loan and RMB5 million is an interest-free amount due to the Fund) in Suzhou Wanrui, the project company for the Target Land Parcel. After the equity capital injection, Suzhou Wanrui will change from a wholly-owned subsidiary of the Group to an equity joint venture in which Suzhou Chuangjia, Kunshan Chuanghong and the Fund each holds 51%, 17% and 32% respectively.

## **INFORMATION OF THE JOINT VENTURE**

On 20 October 2014, Jiangsu Future Land, Suzhou Chuangjia, Kunshan Chuanghong, Suzhou Wanrui, Gefei Asset and the Fund entered into the Agreement stipulating the Joint Venture in relation to the development of the Target Land Parcel located in Taihu District, Suzhou, the PRC.

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

- (i) Jiangsu Future Land;
- (ii) Suzhou Chuangjia;
- (iii) Kunshan Chuanghong;
- (iv) Suzhou Wanrui;
- (v) Gefei Asset; and
- (vi) the Fund

### **Shareholding in the Joint Venture**

As at the date of this announcement, Suzhou Wanrui is held as to 75% by Suzhou Chuangjia and 25% by Kunshan Chuanghong. As at the date of this announcement, Suzhou Wanrui is the project company that was established for the development of the Target Land Parcel. Suzhou Wanrui does not hold any asset other than the prepayment paid for the Target Land Parcel.

Pursuant to the terms of the Agreement and subject to certain conditions being satisfied, the Fund will invest a total of up to RMB600 million in Suzhou Wanrui, the project company for the Target Land Parcel. After the equity capital injection, Suzhou Wanrui will change from a wholly-owned subsidiary of the Group to an equity joint venture in which Suzhou Chuangjia, Kunshan Chuanghong and the Fund each holds 51%, 17% and 32% respectively. The Fund will invest RMB95 million in equity capital and RMB5 million as an amount due to the Fund in Suzhou Wanrui on or before 24 October 2014. Based on the expected peak value of the Joint Venture, it is expected that the Fund will further provide Suzhou Wanrui with an interest bearing entrusted loan amounting up to RMB500 million for a term of up to 1.5 year. Jiangsu Future Land or its related parties shall repay the entrusted loan in the event that Suzhou Wanrui is unable to do so. The profit sharing of Suzhou Wanrui may be adjusted depending on the actual amount of investment ultimately provided by the Fund to the Joint Venture. The total capital commitment into the Joint Venture from Suzhou Chuangjia and Kunshan Chuanghong is expected to be RMB280 million, and if the actual peak value of the Joint Venture exceeds the expected peak value, the extra funding will be sourced by Suzhou Chuangjia and Kunshan Chuanghong. The amount of capital to be injected by the relevant parties into the Joint Venture is determined by the parties after arm's length negotiation based on the land premium and the development costs of the Target Land Parcel. After the Capital Injection, Suzhou Wanrui is expected to be accounted for as a joint venture of the Group.

### **Board Composition of the Joint Venture**

The board of directors of Suzhou Wanrui will comprise three directors, one of whom will be appointed by the Fund and the remaining will be appointed by Suzhou Chuangjia and Kunshan Chuanghong.

## **Profit and Loss Sharing**

Suzhou Chuangjia, Kunshan Chuanghong and the Fund will be entitled to share the profits or to bear the losses of Suzhou Wanrui in proportion to their respective equity interest.

## **Gain/Loss Recognition Resulting from the Joint Venture Formation and Use of Proceeds**

The Company expects that no material gain or loss will be recognized as a result of the formation of Joint Venture. All of the proceeds from the Capital Injection, the interest bearing entrusted loan and the interest-free amount due to the Fund to be provided by the Fund will be used in the Joint Venture to pay the land premium of the Target Land Parcel and the costs of the property development pursuant to the terms of the Agreement.

## **Equity Buyback**

Upon the earlier of (1) the date when the sales rate of saleable area above ground of the Target Land Parcel (area sold (including pre-sale area) above ground divided by total saleable area above ground) is up to 90% or (2) the date falling 28 months after the first closing date of contributing to the Fund, the Fund is entitled to request a pro forma liquidation of the project company, by issuing a written notice of transfer or capital deduction to Jiangsu Future Land, its other relevant parties and the project company. The equity buyback of the Fund will be arranged according to the price for transfer/capital deduction determined in the pro forma liquidation. If the equity buyback of the Fund is achieved by means of equity transfer as negotiated by the parties, the Fund shall transfer the equity of the project company held by it to Suzhou Chuangjia/Kunshan Chuanghong or other entities separately arranged by it or as recognized by the Fund to exit the cooperation under the Agreement.

## **INFORMATION OF TARGET LAND PARCEL**

Target Land Parcel: the east side of Youxin Road and south side of Youxiang Road, Wuzhong Economic Development District (吳中經濟開發區友新路東側、友翔路南側)

Total site area: 73,960.1 m<sup>2</sup>

Planned gross floor area: 267,369 m<sup>2</sup>

Terms of land use right: 70 years

Land premium: RMB820,000,000

## **INFORMATION OF GEFEI ASSET AND THE FUND**

Gefei Asset is a company established in the PRC and is principally engaged in managing the investment portfolio of a number of property-related funds. Gefei Asset has set up the Fund as a general partner by means of limited partnership, with the principal purpose of investing in the Joint Venture. The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Gefei Asset, the Fund and their respective ultimate beneficial owners are third parties independent of the Group and connected persons of the Company.

## REASONS FOR AND BENEFITS OF THE AGREEMENT

The Group are principally engaged in the property development, property investment and property management business in the PRC. The Directors consider that the Agreement has been entered into through arm's length negotiation and in the ordinary course of business of the Group. The Agreement enables the Group to leverage the resources of Gefei Asset and the Fund in developing the Target Land Parcel. The Directors believe that the terms and conditions therein are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio under the Agreement exceeds 5% but is less than 25%, the formation of joint venture constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement requirement but exempt from the Shareholders' approval under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Agreement”	an agreement dated 20 October 2014 entered into between Jiangsu Future Land, Suzhou Chuangjia, Kunshan Chuanghong, Suzhou Wanrui, Gefei Asset and the Fund in relation to the Capital Injection and the Joint Venture co-operation
“Board”	the board of Directors
“Capital Injection”	the injection of RMB95 million by the Fund to Suzhou Wanrui
“Company”	Future Land Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange
“Directors”	the directors of the Company
“Fund”	Shanghai Gefei Pengbin Investment Center (上海歌斐鵬濱投資中心)*, a fund established by Gefei Asset as a general partner by means of limited partnership
“Gefei Asset”	Gefei Asset Management Co., Ltd. (上海歌斐資產管理有限公司)*, is a company established in the PRC and is principally engaged in managing the investment portfolio of a number of property-related funds
“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

“Jiangsu Future Land”	Jiangsu Future Land Co., Ltd. (江蘇新城地產股份有限公司)*, the Company’s subsidiary with B-shares listed on the Shanghai Stock Exchange (stock code: 900950)
“Suzhou Wanrui”	Suzhou Future Land Wanrui Real Estate Co., Ltd. (蘇州新城萬瑞房地產有限公司)*, a domestic company established in the PRC with limited liability
“Joint Venture”	Suzhou Wanrui after the Capital Injection in accordance with the Agreement, in which Suzhou Chuangjia, Kunshan Chuanghong and the Fund holds 51%, 17% and 32% equity interest respectively
“Kunshan Chuanghong”	Kunshan Future Land Chuanghong Real Estate Co., Ltd. (昆山新城創宏房地產有限公司)*, our subsidiary established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which shall, for the purposes of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou Chuangjia”	Future Land Chuangjia Property Co., Ltd. (蘇州新城創佳置業有限公司)*, our subsidiary established in the PRC
“Target Land Parcel”	the east side of Youxin Road and south side of Youxiang Road, Wuzhong Economic Development District (吳中經濟開發區友新路東側、友翔路南側)
“%”	per cent

By order of the Board  
**Future Land Development Holdings Limited**  
**WANG Zhenhua**  
*Chairman*

PRC, 23 October 2014

*As at the date of this announcement, our Directors are Mr. Wang Zhenhua, Mr. Min Yuansong, Mr. Liu Yuanman and Madam Huang Maoli as executive Directors, Mr. Lv Xiaoping and Mr. Wang Xiaosong as non-executive Directors and Mr. Chen Huakang and Mr. Zhu Zengjin as independent non-executive Directors.*

\* Denotes English translation of the name of a Chinese company or entity or vice versa and is provided for identification purpose only.