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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)

ANNOUNCEMENT

(1) PROPOSED CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION

AND

(2) PROPOSED CONTINUING CONNECTED TRANSACTION IN RELATION TO THE PROVISION OF GUARANTEE

THE ACQUISITION

The Company announces that, Future Land Holdings has agreed to enter into the Equity Transfer Agreement through the Purchaser with the Sellers, Jiangsu Shiye and Jiangsu Chuangye, pursuant to which the Purchaser will conditionally agree to purchase and the Sellers will conditionally agree to sell the entire equity interests in the Target Company at a total consideration of RMB972,890,000. The Equity Transfer Agreement will be signed after the approval of the shareholders of Future Land Holdings in relation to the Acquisition required under the SSE Listing Rules is obtained.

Upon the Completion, the Target Company will become a subsidiary of the Group.

IMPLICATIONS UNDER THE LISTING RULES IN RELATION TO THE EQUITY TRANSFER AGREEMENT

Mr. Wang Zhenhua, a controlling shareholder, an executive Director and the chairman of the Board of the Company, indirectly owns 100% equity interests in Jiangsu Shiye and 95% equity interests in Jiangsu Chuangye, and therefore Jiangsu Shiye and Jiangsu Chuangye are connected persons of the Company and the Acquisition will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 0.1% but less than 5%, the Acquisition and the Equity Transfer Agreement are subject to the reporting and announcement requirements but are exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE JIANGSU SHIYE GUARANTEE

On September 13, 2016, the Target Company entered into the Jiangsu Shiye Guarantee with Jiangnan Bank to provide guarantee up to RMB200 million for all liabilities due and owing to Jiangnan Bank by the Target Company.

The Jiangsu Shiye Guarantee was entered into by the Target Company before the signing of the Equity Transfer Agreement and the Company has no intention to renew the Jiangsu Shiye Guarantee upon its expiry.

IMPLICATIONS UNDER THE LISTING RULES IN RELATION TO THE JIANGSU SHIYE GUARANTEE

Mr. Wang Zhenhua, a controlling shareholder, an executive Director and the chairman of the Board of the Company, indirectly owns 100% equity interests in Jiangsu Shiye and therefore Jiangsu Shiye is a connected person of the Company under Chapter 14A of the Listing Rules. Upon the Completion, the Target Company will become a subsidiary of the Company. In addition, the Jiangsu Shiye Guarantee will become a continuing connected transaction of the Company and the Jiangsu Shiye Guarantee will constitute a continuing connected transaction under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Jiangsu Shiye Guarantee is more than 0.1% but less than 5%, the Jiangsu Shiye Guarantee is subject to the reporting and announcement requirements but are exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

Mr. Wang Zhenhua, a controlling shareholder, an executive Director and the chairman of the Board of the Company, indirectly owns 100% equity interests in Jiangsu Shiye and 95% equity interests in Jiangsu Chuangye. Therefore, Mr. Wang Zhenhua and Mr. Wang Xiaosong, a non-executive Director and the son of Mr. Wang Zhenhua, are associates of the Sellers and are considered to have material interests in the Equity Transfer Agreement, the Jiangsu Shiye Guarantee and the transactions contemplated thereunder and have abstained from voting on the Board resolutions for approving the Equity Transfer Agreement, the Jiangsu Shiye Guarantee and the transactions contemplated thereunder.

All the Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfer Agreement and the Jiangsu Shiye Guarantee as a whole are fair and reasonable, on normal commercial terms (not in the ordinary course of business of the Group) and in the interest of the Company and the Shareholders as a whole.

It is expected that Future Land Holdings will convene its shareholders' meeting on August 13, 2018 in accordance with the SSE Listing Rules to consider and approve (if appropriate) the Equity Transfer Agreement, the results of which will be announced by the Company in due course.

INTRODUCTION

The Company announces that, Future Land Holdings has agreed to enter into the Equity Transfer Agreement through the Purchaser with the Sellers, Jiangsu Shiye and Jiangsu Chuangye, pursuant to which the Purchaser will conditionally agree to purchase and the Sellers will conditionally agree to sell the entire equity interests in the Target Company at a total consideration of RMB972,890,000. The Acquisition will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Upon the Completion, the Target Company will become a subsidiary of the Company and the Jiangsu Shiye Guarantee will become a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

THE EQUITY TRANSFER AGREEMENT

Set out below are the principal terms of the Equity Transfer Agreement.

Signing: The Equity Transfer Agreement will be signed after the approval of the shareholders of Future Land Holdings in relation to the Acquisition required under the SSE Listing Rules is obtained

Purchaser: Shanghai Yaju Property Co., Ltd* (上海雅聚置業有限公司), a wholly-owned subsidiary of Future Land Holdings and in turn a subsidiary of the Company

Sellers: Jiangsu Shiye and Jiangsu Chuangye

Target Company: Jiangsu Xinqi Investments Co., Ltd* (江蘇新啟投資有限公司)

Subject matter

Pursuant to the Equity Transfer Agreement, (1) the Purchaser will conditionally agree to purchase and Jiangsu Shiye will conditionally agree to sell 70% equity interests in the Target Company held by Jiangsu Shiye; and (2) the Purchaser will conditionally agree to purchase and Jiangsu Chuangye will conditionally agree to sell 30% in the Target Company held by Jiangsu Chuangye.

Consideration

The consideration for the Acquisition shall be RMB972,890,000, of which RMB681,020,000 shall be paid to Jiangsu Shiye and RMB291,870,000 shall be paid to Jiangsu Chuangye. The consideration was determined and agreed among the parties to the Equity Transfer Agreement after arm's length negotiations based on normal commercial terms, with reference to the valuation of the Target Company's shareholders' equity value of RMB972,896,200 as at June 30, 2018 appraised by an independent valuer, Yinxin Appraisal Co., Ltd. (銀信資產評估有限公司), by asset-based method. The consideration for the Acquisition will be settled in cash by the Group's internal resources.

Completion

It is agreed that the Sellers and the Purchaser shall submit the application to the local administration for industry and commerce for registration of the change of shareholding in the Target Company as soon as reasonably practicable after the signing of the Equity Transfer Agreement.

The Completion shall take place upon completion of the registration of the change of shareholding in the Target Company with the local administration for industry and commerce. Upon Completion, the Target Company will become a subsidiary of the Group.

Payment terms

The purchaser will pay the consideration in accordance with the following terms:

- (1) Within five business days after the signing of the Equity Transfer Agreement, the Purchaser will pay RMB476,020,000 to Jiangsu Shiye and RMB291,870,000 to Jiangsu Chuangye; and
- (2) Within five business days after the expiry of the Jiangsu Shiye Guarantee, the Purchaser will pay the remaining consideration in the amount of RMB205,000,000 to Jiangsu Shiye. If the Target Company incurs any liabilities pursuant to the Jiangsu Shiye Guarantee, the actual amount of such liabilities incurred by the Target Company shall be deducted from such remaining consideration to be paid by the Purchaser to Jiangsu Shiye.

INFORMATION ON THE SELLERS AND THE TARGET COMPANY

Jiangsu Shiye and Jiangsu Chuangye are indirectly owned as to 100% and 95% respectively by Mr. Wang Zhenhua, a controlling shareholder, an executive Director and the chairman of the Board of the Company. The remaining 5% equity interests in Jiangsu Chuangye are held by an independent third party. Both Jiangsu Shiye and Jiangsu Chuangye are companies incorporated in the PRC with limited liability for investment holding purpose.

The Target Company is a company established in the PRC with limited liability and its only assets as at the date of this announcement include 3.49% equity interests in Jiangnan Bank and 9.99% equity interests in Zhenjiang Bank, each of which is a licensed bank incorporated in the PRC. The Target Company is one of the founding members of each of Jiangnan Bank and Zhenjiang Bank and the principal business activity of the Target Company is investment holding.

Jiangnan Bank is a licensed bank incorporated in the PRC in 2009 and provides a range of commercial banking services as approved by the CBRC, including corporate finance, e-banking and bank cards, settlement, financing, financial products and foreign agency services, as well as engaging in fund business.

Zhenjiang Bank is a licensed bank incorporated in the PRC in 2011 and provides a range of commercial banking services as approved by the CBRC, including deposits, loans, wealth management, investment, bill discounting, insurance agency and financing services.

Financial information of the Target Company

Set out below is the Target Company's audited financial information for the two years ended December 31, 2017 prepared in accordance with the applicable PRC GAAP standards:

	For the year ended December 31, 2017 (approximately RMB'000)	For the year ended December 31, 2016 (approximately RMB'000)
Net profit before tax	1,122	20,533
Net profit after tax	1,122	20,533

Note: The revenue of the Target Company is solely from the dividends distributed by Jiangnan Bank and Zhenjiang Bank which are not taxable under the PRC laws and regulations.

As at June 30, 2018, the audited total assets of the Target Company was approximately RMB1,105 million.

Jiangsu Shiye's original acquisition cost for its 70% equity interests in the Target Company is RMB483,535,000 and Jiangsu Chuangye's original acquisition cost for its 30% equity interests in the Target Company is RMB291,000,000.

Upon the Completion, the Target Company will become a subsidiary of the Group and its financial information will be consolidated into the financial statements of the Group.

IMPLICATIONS UNDER THE LISTING RULES IN RELATION TO THE EQUITY TRANSFER AGREEMENT

Mr. Wang Zhenhua, a controlling shareholder, an executive Director and the chairman of the Board of the Company, indirectly owns 100% equity interests in Jiangsu Shiye and 95% equity interests in Jiangsu Chuangye, and therefore Jiangsu Shiye and Jiangsu Chuangye are connected persons of the Company and the Acquisition will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. The remaining 5% equity interests in Jiangsu Chuangye are held by an independent third party.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 0.1% but less than 5%, the Acquisition and the Equity Transfer Agreement are subject to the reporting and announcement requirements but are exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

JIANGSU SHIYE GUARANTEE

The Target Company entered into the Jiangsu Shiye Guarantee with Jiangnan Bank to provide guarantee up to RMB200 million for all liabilities due and owing to Jiangnan Bank by the Target Company and the key terms of the Jiangsu Shiye Guarantee are set out below.

Date: September 13, 2016

Subject Matter: The Target Company agreed to provide guarantee in favour of Jiangnan Bank to pay all liabilities (including principal, interests, penalties, compensations, legal fees and any other costs and expenses incurred in relation to debt recovery) due and owing to Jiangnan Bank by Jiangsu Shiye up to RMB200 million.

Guarantee Period: From September 13, 2016 to December 12, 2020, upon which the Jiangsu Shiye Guarantee will expire.

As at the date of this announcement, the Target Company has incurred no liabilities pursuant to the Jiangsu Shiye Guarantee. Save for the Jiangsu Shiye Guarantee, the Target Company has not provided any guarantee for Jiangsu Shiye.

IMPLICATIONS UNDER THE LISTING RULES IN RELATION TO THE JIANGSU SHIYE GUARANTEE

Mr. Wang Zhenhua, a controlling shareholder, an executive Director and the chairman of the Board of the Company, indirectly owns 100% equity interests in Jiangsu Shiye and therefore Jiangsu Shiye is a connected person of the Company under Chapter 14A of the Listing Rules. Upon the Completion, the Target Company will become a subsidiary of the Company and the Jiangsu Shiye Guarantee will become a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Jiangsu Shiye Guarantee is more than 0.1% but less than 5%, the Jiangsu Shiye Guarantee is subject to the reporting and announcement requirements but are exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

REASONS AND BENEFITS FOR THE ACQUISITION

The principal activity of the Group is property development and property investment in the PRC. The Target Company is an investment holding company, with its only assets comprising equity interests in Jiangnan Bank and Zhenjiang Bank as set out in the section headed "Information on the Target Company" above.

To maximize Shareholders' value and to bring long term benefits to the Group, the Company has been actively exploring business opportunities in the property development sector. Upon the Completion, the Group will indirectly hold the equity interests in each of Jiangnan Bank and Zhenjiang Bank through the Target Company, allowing the Group to explore business cooperation opportunities and financing activities with Jiangnan Bank and Zhenjiang Bank for the purpose of business development and enhancing the synergies and competitiveness of the Group.

The Directors believe that the Acquisition will strengthen the cooperation between the Group and with Jiangnan Bank and Zhenjiang Bank, which presents a good opportunity for the Group to optimize its resources and achieve its strategic blueprint, thereby creating synergies to the Company's future development plan.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfer Agreement are fair and reasonable, on normal commercial terms (not in the ordinary course of business of the Group) and in the interests of the Company and the Shareholders as a whole.

The Jiangsu Shiye Guarantee was entered into by the Target Company before the signing of the Equity Transfer Agreement and the Company has no intention to renew the Jiangsu Shiye Guarantee upon its expiry.

GENERAL

Mr. Wang Zhenhua, a controlling shareholder, an executive Director and the chairman of the Board of the Company, indirectly owns 100% equity interests in Jiangsu Shiye and 95% equity interests in Jiangsu Chuangye. Therefore, Mr. Wang Zhenhua and Mr. Wang Xiaosong, a non-executive Director and the son of Mr. Wang Zhenhua, are associates of the Sellers and are considered to have material interests in the Equity Transfer Agreement, the Jiangsu Shiye Guarantee and the transactions contemplated thereunder and have abstained from voting on the Board resolutions for approving the Equity Transfer Agreement, the Jiangsu Shiye Guarantee and the transactions contemplated thereunder.

All the Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfer Agreement and the Jiangsu Shiye Guarantee as a whole are fair and reasonable, on normal commercial terms (not in the ordinary course of business of the Group) and in the interest of the Company and the Shareholders as a whole.

It is expected that Future Land Holdings will convene its shareholders' meeting on August 13, 2018 in accordance with the SSE Listing Rules to consider and approve (if appropriate) the Equity Transfer Agreement, the results of which will be announced by the Company in due course.

DEFINITIONS

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

“Acquisition”	the conditional acquisition of the entire equity interests in the Target Company by the Purchaser from the Sellers pursuant to the Equity Transfer Agreement
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“CBRC”	China Banking Regulatory Commission of the PRC
“Company”	Future Land Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange
“Completion”	completion of the Acquisition
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company

“Equity Transfer Agreement”	the equity transfer agreement to be entered into between the Purchaser and the Sellers in respect of the Acquisition
“Future Land Holdings”	Future Land Holdings Co., Ltd.* (新城控股集團股份有限公司), an indirect non-wholly-owned subsidiary of the Company with its A shares listed on the Shanghai Stock Exchange (stock code: 601155)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“independent third party”	any person or company and their respective ultimate beneficial owner(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Jiangnan Bank”	Jiangsu Jiangnan Rural Commercial Bank Co., Ltd.* (江蘇江南農村商業銀行股份有限公司), a licensed bank incorporated in the PRC in 2011 and provides a range of commercial banking services as approved by the CBRC
“Jiangsu Chuangye”	Jiangsu Future Land Chuangye Co., Ltd.* (江蘇新城創業投資有限公司), a company established in the PRC with limited liability
“Jiangsu Shiye”	Jiangsu Future Land Shiye Group Co., Ltd.* (江蘇新城實業集團有限公司), a company established in the PRC with limited liability
“Jiangsu Shiye Guarantee”	the guarantee agreement entered into by the Target Company on September 13, 2016 to provide guarantee in favour of Jiangnan Bank for all liabilities due and owing to Jiangnan Bank by Jiangsu Shiye
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC” or “China”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC GAAP”	the generally accepted accounting principles adopted in the PRC applicable as at the time for the corresponding audit

“Purchaser”	Shanghai Yaju Property Co., Ltd* (上海雅聚置業有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Future Land Holdings, and in turn a subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sellers”	Jiangsu Chuangye and Jiangsu Shiye
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of HK\$0.001 each
“Shareholder(s)”	the holder(s) of the Shares
“SSE Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Jiangsu Xinqi Investments Co., Ltd* (江蘇新啟投資有限公司), a company established in the PRC with limited liability and wholly-owned by the Sellers as at the date of this announcement
“Zhenjiang Bank”	Jiangsu Zhenjiang Rural Commercial Bank Co., Ltd.*(江蘇鎮江農村商業銀行股份有限公司), a licensed bank incorporated in the PRC in 2009 and provides a range of commercial banking services as approved by the CBRC
“%”	per cent.

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

PRC, July 27, 2018

As at the date of this announcement, the Directors are Mr. Wang Zhenhua, Mr. Lv Xiaoping, Mr. Lu Zhongming and Mr. Chan Wai Kin as executive Directors, Mr. Zhang Shengman and Mr. Wang Xiaosong as non-executive Directors, and Mr. Chen Huakang, Mr. Zhu Zengjin and Mr. Zhong Wei as independent non-executive Directors.

* *Denotes English translation of a Chinese company or entity and is provided for identification purpose only.*