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方興地產

FRANSHION PROPERTIES (CHINA) LIMITED

方興地產（中國）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00817)

**VOLUNTARY ANNOUNCEMENT
SUBSCRIPTION BY INVESTOR FOR 49% INTEREST
IN SUBSIDIARY OF THE COMPANY**

The Board is pleased to announce that, on 9 December 2013, the Company entered into an Investment Agreement with the Investors pursuant to which the Investors will subscribe for the 49% interest in Enhanced Experience by capital increase in a total sum of US\$127,864,303. Enhanced Experience is the Company's wholly-owned subsidiary and the indirect holding company of the Project Company, which is the owner of the Project Site. The Company and the Investors intend to cooperate to invest and develop a mixed-use commercial real estate development project on the Project Site.

The Board of the Company is pleased to announce that, on 9 December 2013, the Company entered into an Investment Agreement with the Investors, which are directly and indirectly owned (as the case may be) by certain private investment funds managed by and ultimately controlled by The Blackstone Group L.P., in respect of the subscription by the Investors for the Investors Shares by capital increase. Enhanced Experience holds, through its wholly-owned subsidiary, the entire equity interest of the Project Company. The Project Company is the owner of the Project Site.

INFORMATION ON THE PROJECT

The Project Site has a land area of approximately 62,458 square meters and total above-ground floor area of approximately 158,010 square meters. A wholly-owned subsidiary of Enhanced Experience acquired the land-use-right to the Project Site in September 2013 for the Land Premium. The Company and the Investors intend to cooperate to invest and develop the Project on the Project Site.

As of the date of this announcement, the wholly-owned subsidiary of Enhanced Experience has paid approximately sixty percent (60%) of the Land Premium through the funding provided by the Company in the form of shareholder loans. Following the establishment of the Project Company, the wholly-owned subsidiary of Enhanced Experience has assigned its rights and obligations under the land-use-right grant contract to the Project Company. The remaining Land Premium is expected to be paid by the Project Company in March 2014.

MAJOR TERMS OF THE INVESTMENT AGREEMENT

The Investors have agreed to subscribe to the share capital of Enhanced Experience in a total sum of US\$127,864,303 in exchange for the Investor Shares. The Investor Shares will represent 49% of the enlarged issued share capital of Enhanced Experience on their issue. The remaining 51% of the issued share capital of Enhanced Experience will be held by the Company so that Enhanced Experience will continue to be a subsidiary of the Company. The consideration payable by the Investors has been determined after arm's length negotiations between the Company and the Investors.

The board of directors of each of Enhanced Experience and the Project Company will have five directors. The Company will have the right to nominate three directors and the Investors will have the right to nominate two directors to each board of directors.

The Project shall be principally operated and managed by the Company through the Project Company while the Investors, as a financial investor, may participate in the management to the extent permitted by the Investment Agreement.

Any proposed transfer of shares in Enhanced Experience by any of the Investors to a third party will be subject to a right of first offer over those shares in favour of the Company.

The Investment Agreement also provides certain remedies for material breach by either the Company or any of the Investors. Such remedies include that upon occurrence of material breach events, the breaching party shall be obligated to acquire all the interest in Enhanced Experience held by the non-breaching party, subject to the waiver by the non-breaching party.

LISTING RULES IMPLICATIONS

Based the applicable percentage ratios, the transaction under the Investment Agreement does not constitute a notifiable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). In the event that the Company is obligated to acquire from the Investors their interest in Enhanced Experience upon occurrence of certain material breach events, the Company will comply with the disclosure and, if applicable, shareholders' approval requirements under the Listing Rules.

REASONS FOR AND BENEFITS OF THE INVESTMENT AGREEMENT

The Directors believe that the participation in the investment by the Investor in the Project Company will be beneficial to the Company and the shareholders and will enhance the success of the Project. The terms of the Investment Agreement were determined based on arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) consider that the Investment Agreement is on normal commercial terms and that its terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES

The Company with its subsidiaries is a developer and operator of large-scale and high-end commercial real estate projects in the PRC, and also a platform enterprise under the real estate and hotel segments of Sinochem Group.

The Investors are directly and indirectly owned (as the case may be) by private investment funds managed by Blackstone and is ultimately controlled by The Blackstone Group L.P. Blackstone is a global asset manager and provider of financial advisory services and is headquartered in the United States and has further offices in Europe and Asia. The Blackstone Group L.P. is listed on the New York Stock Exchange.

As of the date of this announcement, each of Blackstone and the Investors is an independent third party of the Company.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Blackstone”	The Blackstone Group L.P. and its affiliates
“Company”	方興地產(中國)有限公司 (Franshion Properties (China) Limited), a company incorporated in Hong Kong with limited liability, whose shares are listed on the Stock Exchange
“Enhanced Experience”	Enhanced Experience Limited, a wholly-owned subsidiary of the Company as of the date of this announcement
“Investment Agreement”	an agreement entered into by and between the Company, Enhanced Experience and the Investors on 9 December, 2013, pursuant to which the Investors agreed to invest a total sum of US\$127,864,303 to the share capital of Enhanced Experience in exchange for the Investor Shares
“Investors”	comprises (i) China Ningbo Residential Holding I Ltd., a company incorporated under the laws of the British Virgin Islands with limited liability, (ii) China Ningbo Residential Holding II Ltd., a company incorporated under the laws of the British Virgin Islands with limited liability, (iii) BREP Asia SBS Holding-NQ X Ltd., a company incorporated under the laws of the Cayman Islands with limited liability, and (iv) BREP VII SBS Holding-NQ X Ltd., a company incorporated under the laws of the Cayman Islands with limited liability, which are directly or indirectly owned (as the case may be) by certain private investment funds management by and ultimately controlled by The Blackstone Group L.P.
“Investor Shares”	the shares representing in aggregate 49% of the total issued share capital of Enhanced Experience
“Land Premium”	a premium in the sum of RMB1,423,671,902 in consideration for the land-use-right to the Project Site

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China and for the purpose of this announcement excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Project”	a mixed-use commercial real estate development project to be developed at a piece of land located at the Project Site
“Project Company”	a wholly foreign-owned enterprise established pursuant to the laws of the PRC
“Project Site”	a piece of land located in the PRC of which the Project Company owns the related state-owned land-use-right
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules

On behalf of the Board
Franshion Properties (China) Limited
HE Cao
Chairman

Hong Kong, 9 December 2013

As at the date of this announcement, the directors of the Company are Mr. HE Cao (Chairman), Mr. LI Congrui and Mr. HE Binwu as Executive Directors; Ms. LI Xuehua (Vice Chairman) and Ms. SHI Dai as Non-executive Directors; Mr. LAU Hon Chuen, Ambrose, Mr. SU Xijia and Mr. LIU Hongyu as Independent Non-executive Directors.