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建業地產股份有限公司*

Central China Real Estate Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0832)

**DISCLOSEABLE TRANSACTION – ARRANGEMENTS
ON DISPOSAL OF EQUITY INTERESTS AND
DEBTS**

**ARRANGEMENTS ON DISPOSAL OF EQUITY INTERESTS AND
DEBTS**

On 18 April 2019, Henan Longyu, Project Company, Central China Construction Materials and Bridge Trust entered into the Arrangements on Disposal of Equity Interests and Debts, pursuant to which, (i) Henan Longyu (as the seller) agreed to sell and Bridge Trust (as the purchaser) agreed to purchase the Target Equity Interests; and (ii) Central China Construction Materials (as the creditor) agreed to sell and Bridge Trust (as the transferee) agreed to purchase the Target Debts, at an aggregate consideration of RMB1,334,700,000.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable Percentage Ratios in respect of the Arrangements on Disposal of Equity Interests and Debts are over 5% but less than 25%, the Arrangements on Disposal of Equity Interests and Debts constitute discloseable transactions of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

ARRANGEMENTS ON DISPOSAL OF EQUITY INTERESTS AND DEBTS

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(1) Equity Disposal – Equity Transfer Agreement

Date: 18 April 2019

Parties:

1. Henan Longyu;
2. Project Company; and
3. Bridge Trust.

To the best knowledge, information and belief of the Board and after making all reasonable enquiries, Bridge Trust and its ultimate beneficial owner are Independent Third Parties.

Subject matter: In accordance with the terms and conditions of the Equity Transfer Agreement, Henan Longyu agreed to sell and Bridge Trust agreed to purchase the Target Equity Interests, i.e. the 49% equity interests in the Project Company.

The Project Company has not commenced operation as at the date of this announcement. The unaudited net and total asset value of the Project Company as at 31 March 2019 amounted to approximately RMB29,341,000 and RMB1,379,801,000, respectively.

Consideration: The cash consideration of the Equity Disposal shall be RMB14,700,000 which was determined with reference to the paid-up capital contribution of RMB14,700,000 corresponding to the Target Equity Interests.

Henan Longyu and Project Company shall complete all relevant procedures in relation to the Equity Disposal including industrial and commercial registration of changes, change of directors and supervisors of the Project Company and amendments to the articles of association within 10 working days from the date of the Equity Transfer Agreement.

Shareholding structure: Upon completion of the Equity Disposal, the shareholding structure of the Project Company shall be:

Shareholders	Amount of capital contribution subscribed for (RMB)	Paid-up capital contribution (RMB)	Shareholding ratio
Henan Longyu	15,300,000	15,300,000	51%
Bridge Trust	<u>14,700,000</u>	<u>14,700,000</u>	<u>49%</u>
Total	<u>30,000,000</u>	<u>30,000,000</u>	<u>100%</u>

As at the date of this announcement, Henan Longyu holds 100% equity interests in the Project Company. Upon completion of the transaction, Henan Longyu and Bridge Trust will hold 51% and 49% equity interests in the Project Company, respectively, and the Project Company will cease to be an indirect subsidiary of the Company and become an entity under common control as jointly owned by Henan Longyu and Bridge Trust.

Management structure of the Project Company Upon completion of the Equity Disposal, there will be the following changes in the management structure of the Project Company:

The Project Company will have a board of directors consisting of 3 members, of which 1 shall be appointed by Bridge Trust and 2 by Henan Longyu. The chairman of the board of directors will be the legal representative of the Company. The Project Company will have no supervisory committee but will have 1 supervisor who shall be appointed by Bridge Trust. The legal representative and general manager of the Project Company shall be appointed by Bridge Trust, while an operation management team will be assigned by Henan Longyu.

The functions and powers of the board of directors of the Project Company include but are not limited to:

- (1) report of work at the shareholders' general meetings;
- (2) execution of the resolutions of the shareholders' general meetings;
- (3) consideration of the annual business plan and budget plan of the Project Company;
- (4) Preparation of the profit distribution plan, final accounts plan and loss coverage plan of the Project Company;
- (5) Drawing up the plans on increase or decrease in the registered capital of the Project Company;
- (6) Drawing up the plans on merger, division, change of company form, and dissolution of the Project Company;
- (7) Decision on the setting of the internal management organizations of the Project Company;

- (8) Appointment or dismissal of the general manager and chief financial officer of the Project Company and determination of the remuneration thereof; appointment or dismissal of other deputy general managers of the company according to the nomination by the general manager and determination of the remuneration thereof;
- (9) Formulation of the basic management systems of the Project Company; and
- (10) Determination of the sales program for the target project (including sales price, sales plan, etc.).

The meeting of the board of directors of the Project Company shall be held with the attendance of all directors. The resolutions of the board of directors, except for those in relation to the item (10) above, shall be approved with unanimous vote by all directors; the resolutions in relation to the item (10) above shall be approved with the consent of only 2 directors.

The functions and powers of the shareholders' general meeting of the Project Company include:

- (1) Consideration and approval of the annual financial budget and final accounts plans of the Project Company;
- (2) Decision on the business policy and investment plan of the Project Company;
- (3) Consideration and approval of profit distribution plan and loss coverage plan of the Project Company;
- (4) Election and change of directors and determination of the remuneration of relevant directors;
- (5) Election and change of shareholder representative supervisors and determination of the remuneration of relevant supervisors;

- (6) Consideration and approval of the report of the board of directors;
- (7) Consideration and approval of the report of supervisor;
- (8) Consideration of and approval of resolutions on the increase or decrease in the registered capital of the Project Company;
- (9) Consideration of and approval of resolutions on the issuance of bonds by the Project Company;
- (10) Consideration of and approval of resolutions on the merger, division, change of organization form, dissolution, liquidation, etc. of the Project Company;
- (11) Preparation and amendments to the articles of association of the Project Company.

The above items (3) to (11) shall come into effect with the consent of shareholders representing over two-thirds of voting rights and other matters shall come into effect with the consent of shareholders representing over half of voting rights (exclusive of half).

(2) Debts Disposal – Debts Transfer Agreement

Date: 18 April 2019

Parties:

1. Central China Construction Materials;
2. Project Company; and
3. Bridge Trust.

Subject matter: According to the terms and conditions of the Debts Transfer Agreement, Central China Construction Materials agreed to sell and Bridge Trust agreed to purchase the Target Debts, i.e. the debts of RMB1,320,000,000 due from the Project Company.

Consideration and payment method: The consideration of the Debts Disposal shall be RMB1,320,000,000 which was determined with reference to the amount payable by the Project Company to Central China Construction Materials as at 22 March 2019 (i.e. RMB1,320,000,000).

Bridge Trust will acquire the Target Debts and pay the consideration in installments. Bridge Trust has paid RMB909,300,000 to Central China Construction Materials and the remaining consideration is expected to be fully paid by 31 December 2019.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ARRANGEMENTS ON DISPOSAL OF EQUITY INTERESTS AND DEBTS

The Company's introduction of Bridge Trust and its funds by virtue of the Project Company's Target Land Parcel near Jinshui District, Zhengzhou City and the Project Company as the development entity of the Target Land Parcel can facilitate the development of commercial land and residential land in the Target Land Parcel. The considerations for the Equity Disposal and Debts Disposal were determined by the parties through arm's length negotiations with reference to the paid-up capital contribution of the Project Company and actual amount due to Central China Construction Materials after giving consideration to the future development potential of the Target Land Parcel. The proceeds from the Arrangement Disposal of Equity Interests and Debts can be invested in other projects of the Group with no less future development potential than the Target Land Parcel and enable the Group to use its existing funds in a more efficient way to develop more projects with development potentials to create more profit for the Shareholders.

The Directors are of the view that the Arrangements on Disposal of Equity Interests and Debts are on normal commercial terms and the terms of the Arrangements on Disposal of Equity Interests and Debts are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES TO THE ARRANGEMENTS ON DISPOSAL OF EQUITY INTERESTS AND DEBTS

The Company is principally engaged in real estate development and sales in Henan Province, the PRC.

Henan Longyu is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in real estate development and sales and investment in real estate in Henan Province, the PRC.

Project Company is a company incorporated in the PRC with limited liability, and was an indirect wholly-owned subsidiary of the Company prior to the Equity Disposal. It is principally engaged in real estate development and operation and relevant consulting business in Henan Province, the PRC.

Central China Construction Materials is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in import and export of goods and technologies and business management consulting in Henan Province, the PRC.

Bridge Trust is a non-bank financial institute, and has obtained a license issued by China Banking Regulatory Commission (中國銀行業監督管理委員會) and is principally engaged in providing trust related products and services to customers.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable Percentage Ratios in respect of the Arrangements on Disposal of Equity Interests and Debts are over 5% but less than 25%, the Arrangements on Disposal of Equity Interests and Debts constitute discloseable transactions of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Arrangements on Disposal of Equity Interests and Debts”	the arrangements among Henan Longyu, Project Company, Central China Construction Materials and Bridge Trust in relation to, among other things, the Equity Disposal and Debts Disposal under the Equity Transfer Agreement, Debts Transfer Agreement and other relevant ancillary agreements
“Board”	the board of Directors of the Company
“Bridge Trust”	Bridge Trust Co., Ltd.* (百瑞信託有限責任公司), a company incorporated in the PRC with limited liability

“Central China Construction Materials”	Henan Central China Construction Materials Commerce and Trading Company Limited* (河南建業建材商貿有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Company”	Central China Real Estate Limited (建業地產股份有限公司*), an exempted company established under the laws of the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“Debts Disposal”	the disposal of the Target Debts by Central China Construction Materials (as the creditor) to Bridge Trust (as the transferee) under the Debts Transfer Agreement
“Debts Transfer Agreement”	the agreement on confirmation, transfer and restructuring of debts dated 18 April 2019 entered into among Central China Construction Materials, the Project Company and Bridge Trust in relation to, among other things, the Debts Disposal under the Arrangements on Disposal of Equity Interests and Debts
“Director(s)”	the director(s) of the Company
“Equity Disposal”	the disposal of the Target Equity Interests by Henan Longyu (as the seller) to Bridge Trust (as the purchaser) under the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 18 April 2019 entered into among Henan Longyu, Project Company and Bridge Trust in relation to, among other things, the Equity Disposal under the Arrangements on Disposal of Equity Interests and Debts
“Group”	the Company and its subsidiaries

“Henan Longyu”	Henan Longyu Real Estate Development Company Limited* (河南龍宇房地產開發有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Group and the connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Percentage Ratio(s)”	the percentage ratio(s) as described under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China
“Project Company”	Zhengzhou Central China Smart Properties Co., Ltd.* (鄭州建業智慧置業有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Equity Interests”	the 49% equity interests in the Project Company
“Target Debts”	the debts in an amount of RMB1,320,000,000 owned by Central China Construction Materials due from the Project Company

“Target Land Parcel” the land parcel No. 24 near Jinshui District, Zhengzhou. The Target Land Parcel is to the south of North Third Ring Road and to the east of Jiuru East Road and covers an area of approximately 30,000 square meters

“%” per cent

By order of the Board
Central China Real Estate Limited
Wu Po Sum
Chairman

Hong Kong, 18 April 2019

As at the date of this announcement, the Board comprises nine Directors, of which Mr. Wu Po Sum, Mr. Liu Weixing and Mr. Wang Jun are executive Directors, Mr. Lucas Ignatius Loh Jen Yuh, Mr. Puah Tze Shyang and Ms. Wu Wallis (alias Li Hua) are non-executive Directors, Mr. Cheung Shek Lun, Mr. Xin Luo Lin and Dr. Sun Yuyang are independent non-executive Directors.

* *For identification purposes only*