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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 AND
CONNECTED TRANSACTION
ACQUISITION OF
THE REMAINING 10% EQUITY INTEREST IN
A SUBSIDIARY**

ZHENGJING EQUITY TRANSFER AGREEMENT

On 3 May 2019 (after trading hours), United China Management, an indirect wholly-owned subsidiary of the Company (as the purchaser), and Southern Lake (as the vendor) entered into the Zhengjing Equity Transfer Agreement, pursuant to which United China Management agreed to acquire the 10% equity interest in the Target Company at a consideration of RMB85,000,000 (equivalent to approximately HK\$99,025,000). Prior to completion of the acquisition of the Target Equity, the Group and Southern Lake held 90% and 10% equity interest in the Target Company, respectively. Upon completion of the acquisition of the Target Equity, the Group will hold 100% equity interest in the Target Company and the Target Company will become an indirect wholly-owned subsidiary of the Company.

As at the date of this announcement, Mr. Wu indirectly holds 100% equity interest in Southern Lake and is a controlling shareholder and a connected person of the Company. Therefore, Southern Lake is an associate of Mr. Wu and is thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules. As the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the transaction contemplated under the Zhengjing Acquisition are more than 0.1% but less than 5%, the transaction under the Zhengjing Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As stated in the 2018 September Announcement and 2018 December Announcement, Joy Ascend Holdings and Joy Bright Investments entered into the Jujia Equity Transfer Agreement on 24 September 2018 and the Pacific Prestige Equity Transfer Agreement on 14 December 2018, respectively. The transactions under the Jujia Equity Transfer Agreement and the Pacific Prestige Equity Transfer Agreement constituted discloseable transactions for the Company under Chapter 14 of the Listing Rules and connected transactions for the Company under Chapter 14A of the Listing Rules. Joy Bright Investments is wholly-owned by Mr. Wu and is an associate of Mr. Wu. Pursuant to Rules 14.22 and 14A.81 of the Listing Rules, the transactions under the Jujia Equity Transfer Agreement, the Pacific Prestige Equity Transfer Agreement and the Zhengjing Equity Transfer Agreement shall be aggregated, upon which the relevant applicable percentage ratios (as defined under the Listing Rules) (as aggregated) are more than 5% but less than 25%. As the Pacific Prestige Acquisition, which has already constituted a discloseable transaction and a connected transaction that was subject to the reporting, announcement and Independent Shareholders' approval requirements (when aggregated with the Jujia Acquisition), has obtained Independent Shareholders' approval at the Company's special general meeting held on 30 January 2019, and the applicable percentage ratios (as defined under the Listing Rules) in relation to the Zhengjing Acquisition, when aggregated with the Jujia Acquisition and Pacific Prestige Acquisition, would not result in a higher transaction classification under Chapter 14 and Chapter 14A of the Listing Rules, the Zhengjing Acquisition is only subject to the reporting and announcement requirements and no circular relating thereto is required.

ZHENGJING EQUITY TRANSFER AGREEMENT

The Board announces that, on 3 May 2019 (after trading hours), United China Management, an indirect wholly-owned subsidiary of the Company (as the purchaser), and Southern Lake (as the vendor) entered into the Zhengjing Equity Transfer Agreement, pursuant to which United China Management agreed to acquire the 10% equity interest in the Target Company at a consideration of RMB85,000,000 (equivalent to approximately HK\$99,025,000), which will be paid in cash with the Group's internal resources. As at the date of this announcement, the Group and Southern Lake hold 90% and 10% equity interest in the Target Company, respectively. Upon completion of the acquisition of the Target Equity, the Group will hold 100% equity interest in the Target Company and the Target Company will become an indirect wholly-owned subsidiary of the Company.

Principal terms of the Zhengjing Equity Transfer Agreement are set out as follows:

Date	3 May 2019 (after trading hours)
Parties	United China Management (as the purchaser); and Southern Lake (as the vendor) Since Mr. Wu indirectly holds 100% equity interest in Southern Lake and is a controlling Shareholder and connected person of the Company, Southern Lake is an associate of Mr. Wu and is thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules.
Consideration and payment thereof	RMB85,000,000 (equivalent to approximately HK\$99,025,000), which shall be paid on or prior to the Completion Date
Completion of transaction	The transaction in respect of the Target Equity shall be completed on or prior to the Completion Date. Where the transaction is not completed on the Completion Date, both parties may enter into a written agreement in relation to extension of the Completion Date, termination of the Zhengjing Equity Transfer Agreement or other arrangement in respect of the transaction.
Target Equity	The 10% equity interest in the Target Company

CONSIDERATION

Since the major assets of the Target Company is the Target Property, the consideration for the Target Equity is determined by United China Management and Southern Lake on arm's length negotiations with reference to 10% of the valuation of Target Property (i.e. RMB85,000,000). The valuation of the Target Property as at 30 November 2018 was RMB850,000,000, as determined by Savills Valuation and Professional Services Limited, a professional valuer which is independent of the Company and its connected persons, based on the market value of the Target Property arrived at using the direct comparison approach. The consideration for the Target Equity is proposed to be paid in cash with the Group's internal resources. The Zhengjing Acquisition will be financed with the Company's own funds and will not affect the normal operation of the Company's cash flows.

INFORMATION OF TARGET COMPANY AND TARGET PROPERTY

As at the date of this announcement, the Group holds 90% equity interest in the Target Company through Joy Ascend Holdings, Pacific Prestige Holdings and United China Management, all being indirect wholly-owned subsidiaries of the Group. On 2 May 2019, Southern Lake acquired the 10% equity interest in the Target Company from an independent third party at a consideration of RMB85,000,000.

The Target Company is a company incorporated in the British Virgin Islands with limited liability and indirectly holds 100% of the effective interest in the Target Property. The Target Property comprises of a parcel of land with a site area of approximately 32,572 sq.m. on which a mixed development, including office building developments, hotel and public facilities, are proposed to be built. It is currently expected that the Target Property will have a total gross floor area of approximately 228,774 sq.m. upon completion of its development. The Target Property is situated at the west of Chaofeng Road and the North of Jingnan 5th Side Road in Economic and Technological Development Zone, Zhengzhou, Henan province, the PRC.

FINANCIAL INFORMATION OF THE TARGET COMPANY

The financial information of the Target Company is set out as follows:

	For the year ended	
	31 December	
	2017	2018
	(audited)	(unaudited)
	(RMB)	(RMB)
Net loss before taxation for the period	(44,050,318)	(5,506,000)
Net loss after taxation for the period	(44,050,318)	(5,506,000)

As at 31 December 2018, the unaudited net assets and unaudited total assets of the Target Company amounted to approximately RMB285,308,000 and approximately RMB374,320,000, respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE ZHENGJING EQUITY TRANSFER AGREEMENT

The Company has always proposed to acquire all the equity interest in the Target Company because the Company is of the view that the Zhengjing Acquisition will offer the Company an opportunity to achieve full control over the Target Company and the Target Property. The Group acquired 90% equity interest in the Target Company in January 2019, as a result of the completion of the Pacific Prestige Acquisition.

The Target Property is located in a prime location of Zhengzhou which is around 20 minutes' and 15 minutes' driving distance to Zhengzhou Xingzheng International Airport and the downtown of Zhengzhou respectively. In light of its location, the Group intended to develop the Target Property to a mixed development which involves both landmark office buildings, hotel and public facilities and has obtained the relevant approval in respect of the said land uses from the relevant governmental authorities. It is the current plan that after the completion of the development of the Target Property, part of the office buildings will be used by the Group as its office while the rest will be made available for rent and on the other hand the hotel will be operated by the Group itself.

In light of the potential return of the commercial property market of Henan province, numerous real estate developers have entered the market. The Group is primarily focusing on development of residential properties, while development of commercial properties and hotels also form part of the Group's strategy. The Zhengjing Acquisition and the subsequent development of the Target Property into a mixed development will enhance the Group's portfolio and widen its participation in the commercial property market of Henan province. The future development of the Target Property as one of the local landmark will also enhance the Group's brand name and diversify its income. The Company is of the view that it would be in the interest of the Company and its Shareholders as a whole to utilize its long established position in Henan province and to increase its stake in commercial property developments.

The Directors (including independent non-executive Directors) are of the view that the terms of the Zhengjing Equity Transfer Agreement and the Zhengjing Acquisition are on normal commercial terms or better to the Company and that the entering into of the Zhengjing Equity Transfer Agreement is in the interests of the Company and the Shareholders as a whole.

DIRECTOR'S INTEREST IN THE CONNECTED TRANSACTION

Southern Lake is indirectly owned as to 100% by Mr. Wu. Mr. Wu is regarded as being interested in the transaction under the Zhengjing Equity Transfer Agreement due to his interest in Southern Lake and therefore has abstained from voting on the Board resolution approving the Zhengjing Equity Transfer Agreement. Save and except for the aforesaid, none of the Directors has any material interest in any of the transaction under the Zhengjing Equity Transfer Agreement and was required to abstain from voting on the Board resolution to approve the same.

INFORMATION OF THE PARTIES

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

United China Management is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment in real estate in the PRC.

Southern Lake is a company incorporated in Hong Kong with limited liability. It is principally engaged in investment holding.

LISTING RULES IMPLICATION

As at the date of this announcement, Mr. Wu indirectly holds 100% equity interest in Southern Lake and is a controlling shareholder and a connected person of the Company. Therefore, Southern Lake is an associate of Mr. Wu and is thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules. As the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the transaction contemplated under the Zhengjing Acquisition are more than 0.1% but less than 5%, the transaction under the Zhengjing Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As stated in the 2018 September Announcement and 2018 December Announcement, Joy Ascend Holdings and Joy Bright Investments entered into the Jujia Equity Transfer Agreement on 24 September 2018 and the Pacific Prestige Equity Transfer Agreement on 14 December 2018, respectively. The transactions under the Jujia Equity Transfer Agreement and the Pacific Prestige Equity Transfer Agreement constituted discloseable transactions for the Company under Chapter 14 of the Listing Rules and connected transactions for the Company under Chapter 14A of the Listing Rules. Joy Bright Investments is wholly-owned by Mr. Wu and is an associate of Mr. Wu. Pursuant to Rules 14.22 and 14A.81 of the Listing Rules, the transactions under the Jujia Equity Transfer Agreement, the Pacific Prestige Equity Transfer Agreement and the Zhengjing Equity Transfer Agreement shall be aggregated, upon which the relevant applicable percentage ratios (as defined under the Listing Rules) (as aggregated) are more than 5% but less than 25%. As the Pacific Prestige Acquisition, which has already constituted a discloseable transaction and a connected transaction that was subject to the reporting, announcement and Independent Shareholders' approval requirements (when aggregated with the Jujia Acquisition), has obtained Independent Shareholders' approval at the Company's special general meeting held on 30 January 2019, and the applicable percentage ratios (as defined under the Listing Rules) in relation to the Zhengjing Acquisition, when aggregated with the Jujia Acquisition and Pacific Prestige Acquisition, would not result in a higher transaction classification under Chapter 14 and Chapter 14A of the Listing Rules, the Zhengjing Acquisition is only subject to the reporting and announcement requirements and no circular relating thereto is required.

DEFINITIONS

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

“2018 December Announcement”	the announcement of the Company dated 14 December 2018 in respect of the Pacific Prestige Acquisition
“2018 September Announcement”	the announcement of the Company dated 24 September 2018 in respect of the Jujia Acquisition
“associate(s)”	has the meaning given to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Central China Real Estate Limited, 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
“Completion Date”	31 May 2019
“connected person(s)”	has the meaning given to it under the Listing Rules
“controlling shareholder(s)”	has the meaning given to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joy Ascend Holdings”	Joy Ascend Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company

“Joy Bright Investments”	Joy Bright Investments Limited, a company incorporated in the British Virgin Islands with limited liability and held as to 100% by Mr. Wu directly
“Jujia Acquisition”	the acquisition of all equity interest in Jujia Investment from Joy Bright Investments by Joy Ascend Holdings pursuant to the Jujia Equity Transfer Agreement and the details of which are set out in the 2018 September Announcement
“Jujia Equity Transfer Agreement”	the equity transfer agreement entered into between Joy Bright Investments and Joy Ascend Holdings dated 24 September 2018 in respect of the Jujia Acquisition
“Jujia Investment”	Jujia Investment Co., Ltd.* (巨佳投資有限公司), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wu”	Mr. Wu Po Sum, the Chairman, an executive Director and a controlling shareholder of the Company and as at the date of this announcement holds 100% equity interest in Southern Lake
“Pacific Prestige Acquisition”	the acquisition of all equity interest in Pacific Prestige Holdings from Joy Bright Investments by Joy Ascend Holdings pursuant to the Pacific Prestige Equity Transfer Agreement and the details of which are set out in the 2018 December Announcement
“Pacific Prestige Equity Transfer Agreement”	the equity transfer agreement dated 14 December 2018 entered into between Joy Bright Investments and Joy Ascend Holdings in respect of the Pacific Prestige Acquisition

“Pacific Prestige Holdings”	Pacific Prestige Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Shares
“Shares”	the shares of the Company
“Southern Lake”	Southern Lake Investments Limited, a company incorporated in Hong Kong with limited liability and the vendor under the Zhengjing Equity Transfer Agreement
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Henan Jianye Zhengjing Land Co., Ltd.* (河南建業鄭經置業有限公司), a company incorporated in the PRC with limited liability and the holder of the Target Property, and an indirect subsidiary of the Company held as to 90% and 10% by United China Management and Southern Lake, respectively, as at the date of this announcement
“Target Equity”	the 10% equity interest in the Target Company
“Target Property”	the parcel of land situated at the west of Chaofeng Road and the south of Tiychang South Road in Economic and Technological Development Zone, Zhengzhou, Henan province, the PRC, whose 100% of effective interests are held directly by the Target Company

“United China Management”	United China Management Limited, a company incorporated in Hong Kong with limited liability and the purchaser under the Zhengjing Equity Transfer Agreement
“Zhengjing Acquisition”	the acquisition of the Target Equity from Southern Lake by United China Management pursuant to the Zhengjing Equity Transfer Agreement
“Zhengjing Equity Transfer Agreement”	the agreement dated 3 May 2019 entered into between United China Management and Southern Lake in respect of acquisition of the Target Equity by United China Management from Southern Lake
“%”	per cent

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

Hong Kong, 3 May 2019

For the purpose of this announcement, translations of Renminbi into Hong Kong dollars or vice versa have been calculated by using an exchange rate of RMB1.00 equal to HK\$1.165. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

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 nonexecutive Directors, Mr. Cheung Shek Lun, Mr. Xin Luo Lin and Dr. Sun Yuyang are independent non-executive Directors.

* *For identification purposes only*