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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)

CONNECTED TRANSACTIONS PROVISION OF CORPORATE GUARANTEE

On 24 December 2019, Henan Hongdao entered into the Loan Agreement with the Bank. On 24 December 2019, CCRE China and Henan Hongdao entered into the Deed of Guarantee Arrangement, pursuant to which CCRE China shall be entitled to a guarantee fee from Henan Hongdao in consideration of the provision of the Corporate Guarantee to the Bank in respect of the Loan, while at the meantime Henan Hongdao will provide a counter guarantee to CCRE China.

Henan Hongdao is wholly-owned and controlled by Mr. Wu. Accordingly, Henan Hongdao is an associate of Mr. Wu pursuant to the Listing Rules and thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules. The transactions contemplated under Deed of Guarantee Arrangement and Corporate Guarantee Agreement therefore constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios of the corporate guarantee provided pursuant to the Deed of Guarantee Arrangement and Corporate Guarantee Agreement are over 0.1% but less than 5%, the Deed of Guarantee Arrangement and Corporate Guarantee Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirements under the Listing Rules.

BACKGROUND

On 24 December 2019, Henan Hongdao entered into the Loan Agreement with the Bank. On 24 December 2019, CCRE China and Henan Hongdao entered into the Deed of Guarantee Arrangement, pursuant to which CCRE China shall be entitled to a guarantee fee from Henan Hongdao in consideration of the provision of the Corporate Guarantee to the Bank in respect of the Loan, while at the meantime Henan Hongdao will provide a counter guarantee to CCRE China.

DEED OF GUARANTEE ARRANGEMENT

The main terms of the Deed of Guarantee Arrangement are as follows:

Date	24 December 2019
Parties	CCRE China; and Henan Hongdao

Guarantee fee

Henan Hongdao agrees to pay CCRE China an annual guarantee fee equal to 1% of the total principal amount outstanding under the Loan Agreement in consideration of CCRE China's provision of the Corporate Guarantee to the Bank, while at the meantime it shall provide a corporate guarantee to the Bank for the obligations to be performed by Henan Hongdao from time to time under the Loan Agreement. The guarantee fee shall be calculated based on the actual amount drawdown and corresponding period (both days inclusive). Guarantee fee shall be calculated on December 31 of each calendar year and settled before January 15 of the following year (if the Loan Agreement is terminated during the year, it shall be settled within 15 days from the termination date) until the release or termination of the Corporate Guarantee. All paid guarantee fee will not be refunded.

Counter guarantee

For CCRE China's provision of the Corporate Guarantee to the Bank, Henan Hongdao irrevocably and unconditionally provides a counter guarantee to CCRE China for its relevant obligations and responsibilities under the Corporate Guarantee, including making the following payments on a timely basis (as if Henan Hongdao is a party to the Corporate Guarantee):

- (i) all payments payable by CCRE China to the Bank (on behalf of Henan Hongdao) under the Corporate Guarantee;
- (ii) all interests, penalty interests and damages payable by CCRE China under the Corporate Guarantee; and
- (iii) all expenses incurred by CCRE China under the Corporate Guarantee, including but not limited to legal fees, litigation fees and miscellaneous expenses.

The above-mentioned counter guarantee provided by Henan Hongdao to CCRE China shall remain in full force and effect until the release or termination of the Corporate Guarantee. Henan Hongdao shall not charge any fees for such counter guarantee.

Other responsibilities of
Henan Hongdao

Henan Hongdao shall:

- (i) inform CCRE China of the use and purpose of the Loan and provide CCRE China with relevant documents containing the amounts and dates of drawdown or repayment before drawing down or repaying any part of the Loan, and shall not use the Loan without prior approval of CCRE China; and
- (ii) provide management accounts to CCRE China on a quarterly basis for CCRE China to monitor Henan Hongdao's advancement of the Loan and repayment progress.

CORPORATE GUARANTEE AGREEMENT

The main terms of the Corporate Guarantee Agreement are as follows:

Date 24 December 2019

Parties CCRE China (as the guarantor); and
the Bank

To the best knowledge, information and belief of the Board, having made all reasonable enquiries, the Bank and its ultimate beneficial owner are Independent Third Parties.

Guarantee	Should Henan Hongdao fail to repay its debt in accordance with the Loan Agreement, regardless of whether the Bank has other securities (including but not limited to any guarantee, mortgage, pledge, etc.) for its rights under the Loan Agreement, the Bank shall be entitled to require CCRE China (as the guarantor of the Corporate Guarantee Agreement) to be responsible for the guarantee of liability within the scope of guarantee under the Corporate Guarantee Agreement, without requiring other guarantor to assume its guarantee of liability first.
Scope of guarantee	Henan Hongdao's outstanding loan under the Loan Agreement (in the amount of RMB500 million), and any interests (including interest, penalty interest and compound interest), liquidated damages, damages, handling fees and other expenses incurred for signing or performing the Corporate Guarantee Agreement, as well as any expenses incurred by the Bank for exercising its creditor's rights (including but not limited to litigation fees, legal fees, travel expenses, etc.), and any security deposit required by the Bank to be made up by Henan Hongdao under the Loan Agreement.
Guarantee period	Two years after the date of full repayment of the Loan

OTHER SECURITIES FOR THE LOAN

In order to guarantee Henan Hongdao's performance of its obligations under the Loan Agreement, the following security documents were also entered into:

Equity Pledge Agreement	Henan Hongdao and the Bank have entered into an equity pledge agreement in favor of the Bank, pursuant to which Henan Hongdao agrees to pledge to the Bank the entire equity interests in Tianjin Drawin Intelligent Manufacture Technology Co., Ltd.* (天津築友智造科技有限公司) directly wholly-owned by it.
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Personal Guarantee of
Mr. Wu

Mr. Wu has provided a personal guarantee to the Bank and entered into a personal guarantee agreement, pursuant to which Mr. Wu agrees to provide a personal guarantee to the Bank for the Loan, thereby guaranteeing the liability of Henan Hongdao under the Loan Agreement.

The Directors (including independent non-executive Directors) are of the view that the terms of the Deed of Guarantee Arrangement and the Corporate Guarantee Agreement (including the guarantee fees) are entered into on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

REASONS FOR PROVIDING THE CORPORATE GUARANTEES

The Group is principally engaged in real estate development and sales in Henan Province, the PRC. Drawin Intelligent Manufacture is a subsidiary of Henan Hongdao and a major supplier of the Group's real estate development business. The Company and Drawin Intelligent Manufacture have entered into an engineering services strategic cooperation framework agreement, pursuant to which Drawin Intelligent Manufacture and its Group will provide various services and construction materials, including prefabricated components to the Group for its real estate projects. As Drawin Intelligent Manufacture is a subsidiary of Henan Hongdao, providing the Corporate Guarantee for Henan Hongdao in respect of the Loan will enable Drawin Intelligent Manufacture to obtain funds for development. The Company expects this move to ensure and safeguard the adequate and steady supply of materials and services to the Group's projects and facilitate the mutual development of the Group and Drawin Intelligent Manufacture in the future.

In addition, the Group can also charge guarantee fees to generate extra revenue through providing the Corporate Guarantee. The Group will also secure a counter guarantee provided by Henan Hongdao. As for the default risk of Henan Hongdao, the Company has conducted due diligence on Henan Hongdao for assessment. Besides, Mr. Wu also provided a personal guarantee for the Loan. Accordingly, Directors (including independent non-executive Directors) are of the view that the provision of Corporate Guarantee by CCRE China to Henan Hongdao will be in the interest of the Company and its Shareholders as a whole.

Mr. Wu (also being the Director of Henan Hongdao) has abstained from voting on the Board meetings approving the Deed of Guarantee Arrangement and the Corporate Guarantee Agreement and the transactions contemplated thereunder.

IMPLICATIONS UNDER THE LISTING RULES

Henan Hongdao is wholly-owned and controlled by Mr. Wu. Accordingly, Henan Hongdao is an associate of Mr. Wu pursuant to the Listing Rules and thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules. The transactions contemplated under Deed of Guarantee Arrangement and Corporate Guarantee Agreement therefore constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the Corporate Guarantee provided pursuant to the Deed of Guarantee Arrangement and Corporate Guarantee Agreement are over 0.1% but less than 5%, the Deed of Guarantee Arrangement and Corporate Guarantee Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirements under the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning given to it under the Listing Rules
“Bank”	Zhengzhou Branch of Shanghai Pudong Development Bank Co., Ltd.* (上海浦東發展銀行股份有限公司鄭州分行)
“Board”	the board of Directors
“CCRE China”	Central China Real Estate Group (China) Company Limited* (建業住宅集團(中國)有限公司), a company established in the PRC with limited liability and also a 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
“connected person(s)”	has the meaning given to it under the Listing Rules
“Controlling Shareholder”	has the meaning given to it under the Listing Rules

“Corporate Guarantee”	corporate guarantee provided by CCRE China to the Bank for Henan Hongdao pursuant to the Corporate Guarantee Agreement, details of which please refer to the section headed “Corporate Guarantee Agreement” of this announcement
“Corporate Guarantee Agreement”	the corporate guarantee agreement entered into between Henan Hongdao and CCRE China dated 24 December 2019
“Director(s)”	the director(s) of the Company
“Drawin Intelligent Manufacture”	Drawin Intelligent Manufacture Technology Industry Group Limited* (築友智造科技產業集團有限公司), a company incorporated in the PRC with limited liability and a connected person of the Company
“Group”	the Company and its subsidiaries
“Deed of Guarantee Arrangement”	the deed of guarantee arrangement entered into between Henan Hongdao and CCRE China dated 24 December 2019, pursuant to which, CCRE China agreed to provide the Corporate Guarantee to the Bank for the Loan, details of which please refer to the section headed “Deed of Guarantee Arrangement” of this announcement
“Henan Hongdao”	Henan Hongdao Business Information Consultancy Co., Ltd.* (河南弘道商務信息諮詢有限公司), a company established in the PRC with limited liability and is indirectly wholly-owned by Mr. Wu
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Independent Third Parties”	third parties which are independent of the Company and its connected persons and not connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)

“Loan”	a five-year loan facility with the principal amount of RMB500 million at the annual interest rate of 6.5% which the Bank agreed to grant to Henan Hongdao pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement entered into between Henan Hongdao and the Bank dated 24 December 2019
“Mr. Wu”	Mr. Wu Po Sum, the chairman of the Company, an executive Director and a controlling Shareholder, and owns 100% of the equity interest in Henan Hongdao as at the date of this announcement
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 24 December 2019

As at the date of this announcement, the Board comprises nine Directors, of which Mr. Wu Po Sum, Mr. Liu Weixing, Mr. Wang Jun and Mr. Yuan Xujun are executive Directors, Mr. Lim Ming Yan 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*