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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)

**DISCLOSABLE TRANSACTION
ACQUISITION OF 10% EQUITY IN
THE TARGET COMPANY**

EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that on 17 January 2020 (after trading hours), Shanghai Yujin (as the buyer) entered into the Equity Transfer Agreement with Guangzhou R&F (as the seller) and the Target Company in relation to the Acquisition, pursuant to which the Company has agreed to acquire the Sale Equity and the Sale Debts from Guangzhou R&F at the total consideration of RMB1 billion.

As at the date of this announcement, Shanghai Yujin, Guangzhou R&F and Shanghai Hengfen own 45%, 45% and 10% of the Target Company's equity, respectively. Upon completion of the Acquisition, Shanghai Yujin, Guangzhou R&F and Shanghai Hengfen will own 55%, 35% and 10% of the Target Company's equity, respectively, and the Target Company will become an indirect non-wholly owned subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As one or more applicable percentage ratios in aggregate in respect of the transactions contemplated under the Equity Transfer Agreement are more than 5% but less than 25%, the entering into the Equity Transfer Agreement therefore constitutes a disclosable transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements.

INTRODUCTION

The Board is pleased to announce that on 17 January 2020 (after trading hours), Shanghai Yujin (as the buyer) entered into the Equity Transfer Agreement with Guangzhou R&F (as the seller) and the Target Company in relation to the Acquisition, pursuant to which the Company has agreed to acquire the Sale Equity and the Sale Debts from Guangzhou R&F at the total consideration of RMB1 billion.

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The principal terms of the Equity Transfer Agreement are summarised as follows:

Equity Transfer Agreement

Date: 17 January 2020 (after trading hours)

Parties Shanghai Yujin (as the buyer)

Guangzhou R&F (as the seller); and

Target Company

To the best knowledge, information and belief of the Board, having made all reasonable enquiries, Guangzhou R&F, its substantial shareholders and their respective ultimate beneficial owners (including the directors and substantial shareholders of Guangzhou R&F, namely Mr. Li Sze Lim (李思廉) and Mr. Zhang Li (張力)) are Independent Third Parties.

Consideration

The Group shall pay the total consideration of RMB1 billion in respect of the Sale Equity and the Sale Debts to Guangzhou R&F, of which, including (i) the consideration of RMB737,673,351.68 for the Sale Equity; and (ii) the consideration of RMB262,326,648.32 for the Sale Debts.

The consideration was determined after arm's length negotiations between Shanghai Yujin and Guangzhou R&F on normal commercial terms by taking into account, among other things, (i) the Target Company's net asset value and total assets; (ii) the Target Company's historical financial performance; (iii) the amount of the Sale Debts (i.e. RMB262,326,648.32 of receivables owed by the Target Company to Guangzhou R&F as at the date of the Equity Transfer Agreement); and (iv) the development and prospect of the Target Land Parcels.

The Group intends to pay for the consideration of the Acquisition through internal resources.

Completion and Payment

In respect of the payment term of the Acquisition, Shanghai Yujin shall pay the initial portion of the total consideration in the amount of RMB500 million before 30 June 2020 and the remaining RMB500 million of that before 31 December 2020 to Guangzhou R&F.

In respect of the completion of the Acquisition, both parties of the Equity Transfer Agreement agree that they will complete the following works to enable the Shanghai Yujin to take over the Target Group completely within 5 business days after entering into the Equity Transfer Agreement.

Guangzhou R&F shall hand over materials, such as the Target Group's certificates, licences, seals, financial vouchers, government approvals, contracts, and engineering documents to Shanghai Yujin, and transfer financial accounts and information system data to Shanghai Yujin simultaneously.

Both parties of the Equity Transfer Agreement will jointly sign all legal documents in relation to the dismissal of directors (except for one director of the Target Company appointed by Guangzhou R&F will be retained), general manager and supervisors (except for one supervisor of the Target Company appointed by Guangzhou R&F will be retained) appointed by Guangzhou R&F to the Target Company. Shanghai Yujin is responsible for submitting such documents to the industrial and commercial administrative authorities for registration upon the completion of such signing.

Both parties of the Equity Transfer Agreement will jointly sign all legal documents in relation to the transfer of the Sale Equity to Shanghai Yujin. Shanghai Yujin is responsible for submitting such documents to the industrial and commercial administrative authorities to complete the relevant industrial and commercial administrative registration change procedures upon the completion of such signing.

Information of the Target Company

The Target Company is a company incorporated in the PRC with limited liability on 16 October 2014, whose registered capital is RMB100 million as at the date of this announcement, and is principally engaging in the investment, development and sales of real estate in Zhengzhou City of Henan Province.

Currently, the Target Group principally engages in the development of the Urban Renovation Project of Wulongkou (五龍口城中改造項目) (“Wulongkou Project”) and the Integrating-villages-into-city Project of Huayuankou (花園口合村並城項目) (“Huayuankou Project”) in Zhengzhou. The whole site area of the Wulongkou Project is 775 mu, including 498 mu of development area and 277 mu of resettlement area; the whole site area of the Huayuankou Project is 3,329 mu, including 2,222 mu of development area and 1,107 mu of resettlement area. The Wulongkou Project and the Huayuankou Project will be developed in phases, and partial of the phased projects is being developed for sales.

The Target Company's unaudited total assets as at 30 June 2019 is approximately RMB9,492,000,000.

The audited net assets and total assets of the Target Company as at 31 December 2017 and 2018 are set out as follows, respectively:

	As at 31 December	
	2017	2018
	<i>RMB</i>	<i>RMB</i>
Net asset	<u>170,317,000</u>	<u>22,767,000</u>
Total assets	<u>9,876,032,000</u>	<u>9,782,687,000</u>

The audited net (loss)/profit before and after tax for the year ended 31 December 2017 and 2018 and the unaudited net profit before and after tax for the six months ended 30 June 2019 are set out as follows, respectively:

	For the year ended		For the
	31 December		six months
	2017	2018	ended
	<i>RMB</i>	<i>RMB</i>	30 June
			<i>RMB</i>
Net (loss)/profit (before tax)	(128,778,000)	241,887,000	234,000,000
Net (loss)/profit (after tax)	(128,778,000)	142,550,000	265,000,000

The details of the Target Land Parcels owned by the Target Company as at the date of this announcement are set out as follows:

Category of land parcel	Name of land parcel	State-owned Land Use Right		Planned use	Expiry date of the land use right	Area involved in the land use right (sq. m.)	Interests held by the Company upon the completion of the Acquisition
		Certificate No.	Location				
Development Zone	N-10-01	Zheng Guo Yong (2015) No. 0126	South of Xiwang Road and East of Yulin Road	Urban Residential, Wholesale and Retail, Accommodation and Catering	1 June 2085 1 June 2055	19386.0	55%
Development Zone	N-08-01	Zheng Guo Yong (2015) No. 0125	East of Huafei Road East and South of Xiwang Road	Street Land (Public Car Park)	1 June 2065	5083.96	55%
Development Zone	N-08-02	Zheng Guo Yong (2015) No. 0127	East of Huafei Road East and South of Xiwang Road	Urban Residential, Wholesale and Retail, Accommodation and Catering	1 June 2085 1 June 2055	13968.28	55%
Development Zone	N-04-01	Zheng Guo Yong (2015) No. 0128	North of Xiwang Road and East of Yulin Road	Urban Residential	1 June 2085	55719.64	55%
Development Zone	N-12-01	Yu (2017) Zhengzhou Shi Bu Dong Chan Quan No. 0155829	North of Dongfeng Road and East of Rantun Road East	Urban Residential	25 September 2087	34700.20	55%
Development Zone	S-10-01	Yu (2018) Zhengzhou Shi Bu Dong Chan Quan No. 0238157	South of Wulongkou Road South and East of Huafei Road West	Urban Residential	13 August 2088	34996.29	55%

Category of land parcel	Name of land parcel	State-owned Land Use Right		Planned use	Expiry date of the land use right	Area involved in the land use right (sq. m.)	Interests held by the Company upon the completion of the Acquisition
		Certificate No.	Location				
Resettlement Zone	S-01-03	Yu (2018) Zhengzhou Shi Bu Dong Chan Quan No. 0242112	North of Huanbao Road North and West of Huafei Road West	Urban Residential	19 August 2088	15608.55	55%
Resettlement Zone	N-01-02	Yu (2018) Zhengzhou Shi Bu Dong Chan Quan No. 0242118	North of Liming Road and East of Dianchang Road	Urban Residential	13 August 2088	42402.74	55%
Development Zone	28-070-K01-02	Zheng Guo Yong (2016) No. 0188	West of Zhongzhou Avenue and South of Jinda Road	Commercial Services	15 January 2056	49833.76	55%
Development Zone	28-073-K01-02	Zheng Guo Yong (2016) No. 0189	West of Zhongzhou Avenue and North of Binhe Road	Urban Residential	10 January 2086	44876.27	55%
Resettlement Zone	H04-02-02	Yu (2018) Zhengzhou Shi Bu Dong Chan Quan No. 0318173	East of Jingshui Road and North of Xiangyun Avenue	Urban Residential	12 June 2088	62203.51	55%
Resettlement Zone	H03-07-04	Yu (2018) Zhengzhou Shi Bu Dong Chan Quan No. 0318201	East of Jinjing Ring West and North of Xiangyun Avenue	Urban Residential	12 June 2088	69526.85	55%

Reasons for and Benefits of the Acquisition

The Target Company is the legal and beneficial owner of the Target Land Parcels, which are going to be developed into residential and commercial projects. The total planned construction area is approximately 7,970,000 square meters and the total site area is approximately 4,104 mu.

In light of the potential return of the property market in Henan Province, numerous real estate developers have entered the market. The Group principally focuses on developing residential properties, while developing residential properties and commercial properties also constitutes a part of the Group's strategy. As at 30 June 2019, 70.6% and 7.9% of the Group's land reserves are allocated to residential and commercial development projects, respectively. The Acquisition and its subsequent development will develop Target Land Parcels into residential and commercial development projects, enhance the Group's investment portfolio, and increase the participation in the commercial property market of Henan Province. Meanwhile, as the Target Land Parcels are located in one of the main areas of Zhengzhou City in Henan Province, the Acquisition will increase the share of the Group's land reserves in Zhengzhou, which is positive for the Group's future development and strategic planning.

After taking into account the above, the Directors consider that the terms and conditions of the Equity Transfer Agreement are fair and reasonable and on normal commercial terms and the Acquisition is in the interests of the Company and the Shareholders as a whole.

Information of the Parties of the Equity Transfer Agreement

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

Shanghai Yujin is principally engaged in the investment of real estate in Henan Province, the PRC and is a wholly-owned subsidiary of the Group.

Guangzhou R&F and its subsidiaries are principally engaged in the development and sale of property, property investment, hotel operation and other related property development services in the PRC.

IMPLICATIONS UNDER THE LISTING RULES

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DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Equity and the Sale Debts from Guangzhou R&F by Shanghai Yujin pursuant to the terms and conditions of the Equity Transfer Agreement
“Board”	the board of Directors of the Company
“Company”	Central China Real Estate Limited (建業地產股份有限公司*), an exempted company incorporated under the laws of the Cayman Islands with limited liability, whose Shares are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 17 January 2020 entered into among Shanghai Yujin (as the buyer), Guangzhou R&F (as the seller) and the Target Company in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Target Group”	the Target Company and its subsidiaries
“Independent Third Parties”	persons independent of the Group and the connected persons (has the meaning ascribed to it under the Listing Rules) of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Guangzhou R&F”	Guangzhou R&F Properties Co., Ltd. (廣州富力地產股份有限公司), a company incorporated in the PRC with limited liability, whose H Shares are listed on the main board of the Stock Exchange (Stock code: 2777)
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary shares with a nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Henan Central China Fujin Investment Company Limited (河南建業富居投資有限公司), a company incorporated in the PRC with limited liability, and Shanghai Yujin, Guangzhou R&F and Shanghai Hengfen own 45%, 45% and 10% of its equity, respectively, as at the date of this announcement
“Target Land Parcels”	land parcels located in Zhengzhou City, Henan Province, details of which are set out in the section headed “Information of the Target Company” of this announcement
“Sale Equity”	10% of the equity of the Target Company owned by Guangzhou R&F as at the date of this announcement

“Sale Debts”	RMB262,326,648.32 of debts of the Target Company owned by Guangzhou R&F
“Shanghai Yujin”	Shanghai Yujin Investments Consultancy Company Limited (上海豫進投資諮詢有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Shanghai Hengfen”	Shanghai Hengfen Investment Center (Limited Partnership) (上海恒玢投資中心(有限合夥)), a limited liability partnership incorporated under the laws of the PRC
“%”	per cent

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

Hong Kong, 17 January 2020

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*