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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 AND CONNECTED TRANSACTION

PROVISION OF FINANCIAL ASSISTANCE TO JIAYAO GLOBAL INVESTMENTS LIMITED

PROVISION OF FINANCIAL ASSISTANCE

The Board announces that Jiayao (a connected person of the Company) proposes to issue the 6.875% guaranteed Bonds in the aggregate principal amount of US\$203,000,000 due 2021.

On 12 February 2020 (after trading hours), the Company and the Subsidiary Guarantors (each of which is a subsidiary of the Company) (as guarantors), entered into the Subscription Agreement with Jiayao (as the issuer) and Ping An (as the investor), pursuant to which the Issuer agreed to issue, and the Investor agreed to subscribe and pay for, or procure to be subscribed and paid for, the Bonds, while the Guarantors agreed to provide a guarantee in favour of the Trustee as security for the performance of the obligations of the Issuer under the Bonds, the Trust Deed and the Agency Agreement.

It is anticipated that the Guarantors will enter into the Deed of Guarantee and the Counter Indemnity and Facility Agreement prior to or upon Closing.

LISTING RULES IMPLICATIONS

Connected transaction

The Issuer is indirectly wholly-owned and controlled by Mr. Wu (the chairman of the Company, an executive Director and a controlling shareholder of the Company), therefore the Issuer is an associate of Mr. Wu and a connected person of the Company. Accordingly, the Guarantee to be provided by the Guarantors for the benefit of the Issuer under the Deed of Guarantee constitutes financial assistance to be provided by the Group to a connected person and thus a connected transaction of the Company in accordance with Chapter 14A of the Listing Rules.

As stated in the announcement of the Company dated 24 December 2019, CCRE China (a wholly-owned subsidiary of the Company) and Henan Hongdao (which is indirectly wholly-owned and controlled by Mr. Wu and the indirect sole shareholder of Drawin Intelligent Manufacture and Jiayao) entered into a deed of guarantee arrangement, pursuant to which CCRE China shall be entitled to a 1% guarantee fee from Henan Hongdao in consideration of the provision of a corporate guarantee by CCRE China to 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) in respect of Henan Hongdao's domestic bank loan in the amount of RMB500 million. The provision of the Domestic Guarantee constituted a connected transaction subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirements under the Listing Rules.

Pursuant to Rules 14.22 and 14A.81 of the Listing Rules, as Henan Hongdao is indirectly wholly-owned and controlled by Mr. Wu and the indirect sole shareholder of Jiayao, and the provision of the Domestic Guarantee and the Financial Assistance were both entered into within a 12-month period and are of similar nature, the transactions thereunder shall be aggregated.

As one or more of the applicable percentage ratios (other than the profit ratio) calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Financial Assistance, when aggregated with the Domestic Guarantee, exceeds 5%, the provision of Financial Assistance constitutes a non-exempt connected transaction of the Company and is therefore subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Discloseable transaction

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the provision of Financial Assistance, when aggregated with the Domestic Guarantee, exceeds 5% but all of them are less than 25%, the provision of Financial Assistance constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements, but is exempt from circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that Jiayao (a connected person of the Company) proposes to issue the 6.875% guaranteed Bonds in the aggregate principal amount of US\$203,000,000 due 2021. As far as the Company is aware, the proceeds of the Bonds shall be used for (a) the expansion and construction of additional factories for the Issuer Group and/or the Drawin Private Group which are involved in the business of manufacturing construction materials, (b) research and development by the Issuer Group and/or the Drawin Private Group, and (c) investment and general working capital purposes of the Issuer Group and/or the Drawin Private Group and/or its other affiliates.

On 12 February 2020 (after trading hours), the Company and the Subsidiary Guarantors (each of which is a subsidiary of the Company) (as guarantors), entered into the Subscription Agreement with Jiayao (as the issuer) and Ping An (as the investor), pursuant to which the Issuer agreed to issue, and the Investor agreed to subscribe and pay for, or procure to be subscribed and paid for, the Bonds, while the Guarantors agreed to provide a guarantee in favour of the Trustee as security for the performance of the obligations of the Issuer under the Bonds, the Trust Deed and the Agency Agreement.

It is anticipated that the Guarantors will enter into the Deed of Guarantee and the Counter Indemnity and Facility Agreement prior to or upon Closing.

SUBSCRIPTION AGREEMENT

Principal terms of the Subscription Agreement are set out as follows:

Date

12 February 2020

Parties

- (1) Jiayao (as the issuer);
- (2) the Company (as a guarantor);
- (3) each of the Subsidiary Guarantors (each as a guarantor); and
- (4) Ping An (as the investor).

As at the date of this announcement, the Issuer is indirectly wholly-owned and controlled by Mr. Wu, the chairman of the Company, an executive Director and a controlling shareholder of the Company. Therefore the Issuer is an associate of Mr. Wu and a connected person of the Company. The Issuer is a controlling shareholder of DIT.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Investor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Principal Terms of the Bonds

Principal Amount : US\$203,000,000.

Form and Denomination : The Bonds are in registered form in the denomination of US\$100,000 each and integral multiples thereof. A bond certificate will be issued to each Bondholder in respect of its registered holding of Bonds.

Maturity Date : 364 days from the date of issue.

- Interest** : The Bonds bear interest from and including the Issue Date at the rate of 6.875% per annum payable semi-annually in arrears.
- Status of the Bonds** : The Bonds (when issued) will constitute direct, unconditional, unsubordinated and (subject to certain Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to certain Terms and Conditions, at all times rank at least equally with all of its other present and future direct, unconditional, unsecured and unsubordinated obligations.
- Guarantee** : Subject to the Independent Shareholders' approval set out in paragraph (c) of the sub-section headed "Subscription Agreement – Conditions Precedent" in this announcement, each of the Guarantors undertakes to the Investor to, on or prior to the Closing Date, execute and deliver to the Investor and the Trustee the Guarantee, pursuant to which each of the Guarantors will jointly and severally guarantee the obligations of the Issuer in respect of the Bonds, including the due and punctual payment of the principal, interest and all other amounts payable under the Bonds, as continuing security, and which shall only be discharged in accordance with the terms of the Guarantee.

- Status of the Guarantee** : The obligations of the Issuer in respect of the Bonds, including the due and punctual payment of the principal, premium (if any), interest and all other amounts payable under the Bonds and the Trust Deed, are irrevocably and unconditionally guaranteed by the Guarantors pursuant to the Guarantee. The obligations of each Guarantor under the Guarantee are direct, unconditional, unsubordinated and unsecured obligations of each Guarantor and (save for certain obligations required to be preferred by law) rank at least equally with all existing and future unsubordinated and unsecured obligations of each Guarantor from time to time outstanding.
- Early Redemption** : Unless previously redeemed or purchased and cancelled as provided in the Terms and Conditions, the Issuer will redeem each Bond at 100% of its principal amount together with any accrued but unpaid interest on the maturity date of the Bonds. The Issuer may not redeem the Bonds at its option prior to that date except for redemption for taxation reasons as set out in the Terms and Conditions (but without prejudice to events of default under the Terms and Conditions).
- Listing** : No application will be made for a listing of the Bonds on any stock exchange.
- Governing Law** : English law.

Indemnity

Each of the Issuer and the Guarantors jointly and severally undertakes to the Investor that if the Investor or any of its nominees or any of its and their respective related parties incurs any Loss arising out of, in connection with or based on:

- (a) any breach by the Issuer or any Guarantor of any of their respective representations, warranties, undertakings, covenants, guarantees, indemnities or agreements contained in, or deemed to be made pursuant to, the Subscription Agreement or any Contract; or
- (b) the failure by the Issuer, any member of the Issuer Group or any member of the Group, or any of their respective directors or officers to comply with any requirements of statute or regulation in relation to the offering, issue and sale of the Bonds or provision of the Deed of Guarantee,

it shall pay to the Investor on demand an amount equal to such Loss on an after tax basis. This indemnity is in addition to any other remedies that the Investor or any of its nominees or any of its and their respective related parties may have.

Conditions Precedent

The obligations of the Investor to subscribe and pay for, and the obligations of the Issuer to issue, the Bonds are subject to the fulfilment, prior to or simultaneously at Closing of the following conditions to the satisfaction of the Investor:

(a) *Compliance:*

- (i) the representations and warranties of the Issuer and of the Guarantors in any of the Contracts being true, accurate and correct and not misleading in any respect as at each date on which they were made;

- (ii) the Issuer and the Guarantors having performed all of their respective obligations under the Contracts to be performed on or before the Closing Date;
 - (iii) there having been delivered to the Investor the certificate(s) in the form set out in the Subscription Agreement, dated as of such date, of a duly authorised officer of the Issuer and a duly authorised officer of the Company to such effect; and
 - (iv) there having been delivered to the Investor a disclosure document substantially in the form set out in the Subscription Agreement;
- (b) **Material Adverse Change:** up to the Closing Date, in the opinion of the Investor, there shall not have occurred any change (nor any development or event involving a prospective change), which is, or is reasonably likely to be, materially adverse to the condition (financial or others), prospects, results of operations, trading position or general affairs of the Issuer Group or the Group or to the trading in the shares of the Company or the shares of DIT on the Stock Exchange;
- (c) **Shareholders Approval:** on or prior to the Closing Date, the Independent Shareholders have duly passed, in accordance with the constitutional documents of the Company and the Listing Rules, resolution(s) approving the entering into and provision of the Deed of Guarantee by the Guarantors, and such approval remains valid and in full force on the Closing Date;
- (d) **Other Consents:** on or prior to the Closing Date, there shall have been delivered to the Investor copies of all consents and approvals required on the part of the Issuer or any of the Guarantors in relation to the issue of the Bonds and the performance of its obligations under the Bonds and all the transactions contemplated under the Contracts, in each case in form and substance reasonably satisfactory to the Investor (including, without limitation, approval by the Issuer's or a Guarantor's board of directors, shareholders and any relevant governmental or regulatory authorities);
- (e) **Clearance and Settlement:** on or prior to the Closing Date, the Bonds having been eligible for clearance and settlement through the facilities of Euroclear Bank S.A./N.V.;

- (f) **Contracts:** on or before the Closing Date, there having been delivered to, or at the instruction of, the Investor each of the Contracts other than the Subscription Agreement, duly executed by each party thereto other than the Investor in the form and substance as agreed between the Issuer and the Investor;
- (g) **Legal Opinions:** on or before the Closing Date, there having been delivered to the Investor opinions, in form and substance satisfactory to the Investor, dated the Closing Date, as the case may be, of:
- (i) legal opinions of the legal counsel agreed by the parties to the Subscription Agreement as to the law of the British Virgin Islands;
 - (ii) legal opinions of the legal counsel agreed by the parties to the Subscription Agreement as to the law of the Cayman Islands;
 - (iii) legal opinions of the legal counsel agreed by the parties to the Subscription Agreement as to English law; and
 - (iv) legal opinions of the legal counsel agreed by the parties to the Subscription Agreement as to Hong Kong law.

The Investor may, at its sole discretion and upon such terms as it thinks fit, waive compliance with the whole or any part of the conditions precedent set out in the Subscription Agreement.

As at the date of this announcement, none of the above conditions precedent is fulfilled.

Closing Date

Closing will take place on the day which is five business days (each being a day (other than a Saturday or Sunday or a public holiday) on which commercial banks are generally open for business in Hong Kong, London and New York City) after the day on which all conditions set out in the Subscription Agreement have been fulfilled or waived in accordance with the Subscription Agreement, or such other date as the Issuer and the Investor may mutually agree in writing (“**Closing Date**”).

Termination

At any time prior to payment of the Issue Price to the Issuer:

- (a) if there shall have come to the notice of the Investor any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties, representations and undertakings contained in the Subscription Agreement or any failure to perform any of the Issuer's or the Guarantors' undertakings or agreements in the Subscription Agreement;
- (b) if any of the conditions precedent set out in the Subscription Agreement has not been satisfied, or waived by the Investor, on or prior to 30 April 2020;
- (c) if in the opinion of the Investor, there shall have been, since the date of the Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including foreign exchange controls) which would in its view, be likely to prejudice materially the success of the issue of the Bonds;
- (d) if, in the opinion of the Investor, there shall have occurred any of the following events:
 - (i) a suspension or a material limitation in trading in securities generally on the Stock Exchange, the New York Stock Exchange, the Nasdaq Stock Exchange, Inc., or the London Stock Exchange;
 - (ii) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange;
 - (iii) a general moratorium on commercial banking activities in any of Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, London or New York declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in any of Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, London or New York; or
 - (iv) a materially adverse change or development involving a prospective change in taxation affecting the Issuer or any of the Guarantors or the Bonds;
- (e) if Mr. Wu ceases to be the controlling shareholder (within the meaning of the Listing Rules) of the Issuer, DIT or the Company, or ceases to be, or unable to perform his duties as, an executive Director or senior management of the Group; or

- (f) if, in the opinion of the Investor, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in its view be likely to prejudice materially the success of the issue and distribution of the Bonds or dealings in the Bonds in the secondary market,

then the Investor shall be entitled (but not bound) by notice to the Issuer to elect to treat such event, breach or failure as terminating the Subscription Agreement notwithstanding any other provisions of the Subscription Agreement.

DEED OF GUARANTEE

Pursuant to the Subscription Agreement, subject to the Independent Shareholders' approval as set out in paragraph (c) under the section headed "Subscription Agreement – Conditions Precedent" in this announcement, the Company and each of the Subsidiary Guarantors, as guarantors, are expected to enter into the Deed of Guarantee in favour of the Trustee prior to or upon Closing.

Guarantee

Under the Deed of Guarantee, each of the Guarantors unconditionally and irrevocably guarantees, on a joint and several basis, to the Trustee the due performance of and compliance with all of the obligations (present or future, direct or indirect, absolute or contingent, at any time or from time to time) of the Issuer in respect of the Bonds or under the Trust Deed and/or the Agency Agreement (the "**Obligations**"), including, but not limited to, the due and punctual payment of all sums expressed to be payable from time to time by the Issuer under the Trust Deed, the Agency Agreement and/or in respect of the Bonds, according to the terms therein. In the case of the failure of the Issuer to pay any sum as and when the same shall become due and payable, the Guarantors agree to cause such payment to be made as and when the same becomes due and payable as if such payment were made by the Issuer in the manner and currency prescribed by the Terms and Conditions for payments by the Issuer under the Trust Deed and the Agency Agreement and in respect of the Bonds.

Indemnity

If any or all of the Obligations are not duly performed by the Issuer and are not performed by the Guarantors under the Deed of Guarantee for any reason whatsoever, each Guarantor, as a separate and independent obligation and liability from its obligations and liabilities under the Deed of Guarantee, indemnifies and agrees to indemnify and keep indemnified the Trustee in full and on demand, and save harmless the Trustee from and against all and any liability, damages, cost, claim, loss or expense (including without limitation, legal fees, costs and expenses and any value added tax thereon) resulting from the failure of the Issuer and/or the Guarantors to duly perform such Obligations, provided that this indemnity shall not apply to the extent but only to the extent that a court of competent jurisdiction determines that any such liability, damages, cost, claim, loss or expense incurred or suffered by or brought against the Trustee arises directly from the fraud, wilful default or gross negligence of the Trustee. Unless prohibited under applicable laws, the Trustee shall not be responsible or liable for any special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit), whether or not foreseeable and irrespective of whether the Trustee have been advised of the likelihood of such loss or damage and regardless of the form of action.

Term

The obligations of the Guarantors shall be continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever and shall not be considered satisfied by any intermediate payment or satisfaction of all or any of the Issuer's obligations under or in respect of the Bonds or the Trust Deed and shall remain in full force and effect until all sums due from the Issuer under the Trust Deed or in respect of the Bonds have been paid, and all other actual or contingent obligations of the Issuer thereunder or in respect thereof have been satisfied, in full.

COUNTER INDEMNITY AND FACILITY AGREEMENT

On or about the same date as that of the Deed of Guarantee, the Company and the Issuer are expected to enter into the Counter Indemnity and Facility Agreement. A summary of the key terms of the Counter Indemnity and Facility Agreement are set out as follows:

Guarantee Fee

A guarantee fee in the amount equal to 1% flat on the aggregate principal amount of the Bonds per annum shall be payable by the Issuer to the Company in arrears at the end of each calendar year after the date of the Counter Indemnity and Facility Agreement for so long as the Deed of Guarantee remains in full force and effect.

Credit Facility

The Issuer agrees to make available to the Guarantors a revolving credit facility in an aggregate amount equal to US\$203,000,000 to the extent not cancelled, reduced or transferred by the Issuer under the Counter Indemnity and Facility Agreement, subject to the terms of the Counter Indemnity and Facility Agreement.

The interest rate applicable to each advance made under the Credit Facility for each interest period shall equal to the interest rate payable by the Issuer under the Bonds (being 6.875% per annum at the date of this announcement) and will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days.

Counter Indemnity

The Issuer unconditionally and irrevocably agrees as an independent and a primary obligation:

- (a) to indemnify and keep indemnified each Guarantor in full and on demand and hold harmless such Guarantor from and against all and any liabilities, damages, costs, claims, demands, payments, losses and expenses (including any direct, indirect or consequential losses, loss of profit and all interest, penalties and legal fees (calculated on a full indemnity basis) and all other costs and expenses and any value added tax thereon) incurred or suffered by such Guarantor in each case arising out of or in connection with any and every obligation and/or liability of any Guarantor under the Deed of Guarantee (including any renewal, extension, increase or variation of such obligation in or under the Deed of Guarantee); and

- (b) to pay to the Guarantors on demand from time to time any amount payable by the Issuer under paragraph (a) above with interest on that amount from the date of any Guarantor's payment made pursuant to the Deed of Guarantee.

The Counter Indemnity shall remain in full force and effect until the final release or termination of the Deed of Guarantee and the Guarantors have ceased to have any obligations under the Deed of Guarantee.

No fee is payable by the Guarantors to the Issuer for the Counter Indemnity.

Internal control measures

Each of the following risk control or internal control measures shall be adopted:

1. The Issuer shall provide its quarterly reports about business performance, compliance, deposits and loans, and other services, and the financial statements (including profits and loss accounts and balance sheet) to the Company for review and continuous monitoring. The Company will have specifically designated personnel from the relevant departments to monitor the financial performance and position of the Issuer and will report to the management of the Company regularly.
2. The Issuer shall also provide quarterly reports with details of the breakdown of the usage of the proceeds from the Bonds to ensure they are used for the designated purpose. Random checks may be performed by the designated personnel of the Company to monitor the usage of the proceeds from the Bonds and will report to the management of the Company regularly.
3. The management of the Company will also report the default risks and corporate governance risks in association with the Issuer to the independent non-executive Directors during each of the audit committee meetings (if necessary).

REASONS FOR AND BENEFITS OF THE PROVISION OF FINANCIAL ASSISTANCE

As far as the Company is aware, the intended use of proceeds from the issuance of Bonds will be for (a) the expansion and construction of additional factories for the Issuer Group and/or the Drawin Private Group, (b) research and development by the Issuer Group and/or the Drawin Private Group, and (c) investment and general working capital purposes of the Issuer Group, the Drawin Private Group and/or its other affiliates.

The Drawin Private Group (including Drawin Intelligent Manufacture), one of the Group's suppliers/providers of prefabricated components and construction material and the associated engineering and construction services, are specializing in providing integrated solutions for intelligent buildings and an innovative high-tech enterprise engaging in the ecological chain construction of intelligent buildings. In particular, the Company has entered into an Engineering Services Strategic Cooperation Framework Agreement on 30 December 2019, pursuant to which Drawin Intelligent Manufacture shall provide services (including engineering design, general contracting of construction, manufacture, transportation and installation of concrete prefabricated parts, decoration of finished housing and supply of decoration board (彩力板) for the proposed real estate projects) to the Group. Please refer to the announcement of the Company dated 30 December 2019 for details of the Engineering Services Strategic Cooperation Framework Agreement. In order for Drawin Intelligent Manufacture to fulfill the expected orders under the Engineering Services Strategic Cooperation Framework Agreement, Drawin Private Group requires capital to expand and increase its production capacity as well as to continue its other business operations.

Drawin Private Group is one of the few suppliers in the market to possess certain high-end technology needed for carrying out prefabrication construction (装配式工程) for real estate development projects. Since the Group is increasingly adopting this kind of construction for its upcoming real estate development projects, it is of paramount importance that Drawin Private Group will be able to reliably supply such service to the Group at reasonable price to ensure the quality and timely completion of projects.

Accordingly, taking into account the need to support the expansion of production capacity of Drawin Private Group, and the need to maintain a reliable supply of quality construction components and services for the Group's real estate development projects, it would be of benefit to the Group to provide the Guarantee for the issuance of the Bonds by Jiayao so as to ensure that Drawin Private Group will have sufficient capital to carry out its expansion plans and business operations.

The Company has conducted due diligence and assessment on the repayment capability of the Issuer Group. The credit history of the Issuer Group was studied by the Company, including having reviewed the consolidated financial statements and management accounts of the Issuer. Based on the information and documents reviewed, to the Company's best knowledge and understanding, the Issuer Group has never defaulted on the repayments of any of its facilities since its establishment.

Pursuant to the Guarantee Arrangements Agreement, the Issuer shall make available to the Guarantors the Credit Facility, pursuant to which the Guarantors may at any time during the term of the Bonds make use of the Bonds proceeds at an interest rate of 6.875% per annum. The availability of the Credit Facility allows the Guarantors to have access to funds at an interest rate at the same rate as the Bonds. The Directors are of the view that the terms of the Credit Facility are on normal commercial terms or better.

Furthermore, pursuant to the Guarantee Arrangements Agreement, the Guarantors shall be entitled to the Guarantee Fee for the provision of the Financial Assistance. When determining the Guarantee Fee per annum entitled by the Group, the Directors have considered certain market precedents, in particular a previous transaction entered into by the Group in April 2016, whereas the Group provided liquidity support in favour of Henan Jianye Property Management Company Limited, a then service provider of the Group and an independent third party, in relation to its asset-backed securities in the amount of RMB650,000,000 in return for a service fee equivalent to 1% of the guaranteed amount.

The Guarantors also have the benefit of the Counter Indemnity against the Issuer, under which the Issuer unconditionally and irrevocably indemnifies and keep indemnified each Guarantor in full and on demand and hold harmless such Guarantor from and against all and any liabilities, damages, costs, claims, demands, payments, losses and expenses incurred or suffered by such Guarantor in each case arising out of or in connection with any and every obligation and/or liability of any Guarantor under the Deed of Guarantee. Based on the information and documents of the Issuer reviewed and having considered the Issuer's investments and shareholding in DIT Group, to the Company's best knowledge and understanding, the Company is of the view that the Issuer has the ability to fulfill its payment obligations under the Bonds and its assets are considered sufficient to fulfill its obligations under the Counter Indemnity.

In order to properly mitigate investment risks while generating investment returns, the Group is also expected to implement and take the benefit from the risk control or internal control measures to be adopted as set out in the section headed "Counter Indemnity and Facility Agreement – Internal control measures" in this announcement.

Accordingly, the Directors (excluding the independent non-executive Directors who will express their opinions after considering the advice from the Independent Financial Adviser) are of the view that the provision of Financial Assistance by the Group for the benefit of the Issuer will in turn benefit the Group. Therefore, after arm's length negotiations between the Guarantors and the Issuer, the Guarantors agreed to provide such Financial Assistance.

Jiayao is indirectly wholly-owned by Mr. Wu. Mr. Wu is regarded as being interested in the provision of Financial Assistance and the transactions contemplated under the Subscription Agreement, the Deed of Guarantee and the Counter Indemnity and Facility Agreement due to his interest in Jiayao, and therefore he has abstained from voting on the relevant resolution of the Board approving the Subscription Agreement, the Deed of Guarantee, the Counter Indemnity and Facility Agreement, the provision of Financial Assistance and the transactions contemplated thereunder. Save as disclosed, none of the other Directors has any material interest in the same, and hence no other Director is required to abstain from voting on such Board resolutions.

The Directors (excluding the independent non-executive Directors who will express their opinions after considering the advice from the Independent Financial Adviser) considered that the terms of the Subscription Agreement, the Deed of Guarantee, the Counter Indemnity and Facility Agreement, the provision of Financial Assistance and the transactions contemplated thereunder are not in the ordinary and usual course of business of the Group but are on normal commercial terms, the terms thereof are fair and reasonable and that the aforesaid are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

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

The principal activity of the Issuer is investment holding.

The Investor is a direct wholly-owned subsidiary of Ping An Insurance (Group) Company of China, Ltd., whose shares are listed on the Main Board of the Stock Exchange (stock code: 2318). The Investor is a key platform of its group's overseas investment.

The principal activity of the Trustee is to deliver a wide range of fiduciary services to capital markets instruments including corporate debt, structured finance, project financing and syndicated loans.

LISTING RULES IMPLICATIONS

Connected transaction

The Issuer is indirectly wholly-owned and controlled by Mr. Wu (the chairman of the Company, an executive Director and a controlling shareholder of the Company), therefore the Issuer is an associate of Mr. Wu and a connected person of the Company. Accordingly, the Guarantee to be provided by the Guarantors for the benefit of the Issuer under the Deed of Guarantee constitutes financial assistance to be provided by the Group to a connected person and thus a connected transaction of the Company in accordance with Chapter 14A of the Listing Rules.

As stated in the announcement of the Company dated 24 December 2019, CCRE China (a wholly-owned subsidiary of the Company) and Henan Hongdao (which is indirectly wholly-owned and controlled by Mr. Wu and the indirect sole shareholder of Drawin Intelligent Manufacture and Jiayao) entered into a deed of guarantee arrangement, pursuant to which CCRE China shall be entitled to a 1% guarantee fee from Henan Hongdao in consideration of the provision of a corporate guarantee (the “**Domestic Guarantee**”) by CCRE China to 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) in respect of Henan Hongdao’s domestic bank loan in the amount of RMB500 million. The provision of the Domestic Guarantee constituted a connected transaction subject to the reporting and announcement requirements but are exempt from the independent Shareholders’ approval requirements under the Listing Rules.

Pursuant to Rules 14.22 and 14A.81 of the Listing Rules, as Henan Hongdao is indirectly wholly-owned and controlled by Mr. Wu and the indirect sole shareholder of Jiayao, and the provision of the Domestic Guarantee and the Financial Assistance were both entered into within a 12-month period and are of similar nature, the transactions thereunder shall be aggregated.

As one or more of the applicable percentage ratios (other than the profit ratio) calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Financial Assistance, when aggregated with the Domestic Guarantee, exceeds 5%, the provision of Financial Assistance constitutes a non-exempt connected transaction of the Company and is therefore subject to the reporting, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Discloseable transaction

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the provision of the Financial Assistance, when aggregated with the Domestic Guarantee, exceeds 5% but all of them are less than 25%, the provision of Financial Assistance constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements, but is exempt from circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The Independent Board Committee has been established to, among others, advise the Independent Shareholders on the connected transaction contemplated in respect of the provision of Financial Assistance. The Company has appointed Red Sun Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

An extraordinary general meeting of the Company will be convened for the Independent Shareholders to consider, and if thought fit, pass resolutions to approve each of the Subscription Agreement, the Deed of Guarantee, the Counter Indemnity and Facility Agreement, the provision of Financial Assistance and the transactions contemplated thereunder. As Mr. Wu is a controlling shareholder of the Company, he is required to abstain from voting at the extraordinary general meeting of the Company. Save as disclosed, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no other Shareholder is required to abstain from voting on the resolution(s) to be proposed in respect of the aforesaid matters.

A circular containing, amongst other things, (i) details of the connected transaction in respect of the provision of Financial Assistance; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the connected transaction in respect of the provision of the Financial Assistance; (iii) a letter from the independent financial advisor in relation to the connected transaction in respect of the provision of the Financial Assistance; and (iv) a notice convening the extraordinary general meeting, as well as any other information required to be disclosed under the Listing Rules, will be despatched by the Company to the Shareholders. The Company expects that the circular will be despatched to the Shareholders within 15 business days from the date of this announcement.

As the conditions precedent to Closing as set out in the Subscription Agreement may or may not be satisfied and the Subscription Agreement may be terminated upon the occurrence of certain events, Shareholders and prospective investors of the Company are urged to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Agency Agreement”	the paying and transfer agency agreement to be entered into by the Issuer, the Trustee and the agents named therein relating to the Bonds
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors of the Company
“Bonds”	the proposed issue of the 6.875% guaranteed bonds in the aggregate principal amount of US\$203,000,000 due 2021 by the Issuer
“CCRE China”	Central China Real Estate Group (China) Company Limited* (建業住宅集團(中國)有限公司), a wholly-owned subsidiary of the Company
“Closing”	completion of the subscription of the Bonds under the Subscription Agreement
“Closing Date”	has the meaning ascribed to it in the section headed “Subscription Agreement – Closing Date” in this announcement
“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 ascribed to it in the Listing Rules
“Contracts”	the Subscription Agreement, the Trust Deed, the Agency Agreement and the Deed of Guarantee

“controlling shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Counter Indemnity”	the counter indemnity to be provided by the Issuer to the Guarantors under the Counter Indemnity and Facility Agreement
“Counter Indemnity and Facility Agreement”	the agreement to be entered into between the Guarantors and the Issuer in connection with certain arrangements relating to the Guarantee, including the Guarantee Fee, Counter Indemnity and Credit Facility
“Credit Facility”	the revolving credit facility made available by the Issuer to the Guarantors under the Counter Indemnity and Facility Agreement as described in the sub-section headed “Counter Indemnity and Facility Agreement – Credit Facility” in this announcement
“Deed of Guarantee”	the deed of guarantee to be entered into by the Guarantors in favour of the Trustee relating to the Bonds
“Director(s)”	director(s) of the Company
“DIT”	DIT Group Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 726)
“DIT Group”	DIT and its subsidiaries
“Domestic Guarantee”	has the meaning ascribed to it in the section headed “Listing Rules Implications – Connected transaction” in this announcement

“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, and also indirectly wholly-owns Jiayao
“Drawin Private Group”	Drawin Intelligent Manufacture and its subsidiaries which are not part of the DIT Group
“Engineering Services Strategic Cooperation Framework Agreement”	the framework agreement entered into between the Company and Drawin Intelligent Manufacture on 13 November 2019 for the provision of the certain engineering services by Drawin Intelligent Manufacture to the Group
“Financial Assistance” or “Guarantee”	the guarantee to be provided by the Guarantors in favour of the Trustee in respect of the Bonds pursuant to the Deed of Guarantee
“Group”	the Company and its subsidiaries
“Guarantee Fee”	the guarantee fee payable by the Issuer to the Guarantors pursuant to Counter Indemnity and Facility Agreement
“Guarantors”	the Company and the Subsidiary Guarantors (each of which is a subsidiary of the Company)
“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 incorporated in the PRC with limited liability and indirectly wholly-owned and controlled by Mr. Wu, and is the indirect sole shareholder of Drawin Intelligent Manufacture and Jiayao
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Board Committee”	an independent committee under the Board comprising all independent non-executive Directors to advise the Independent Shareholders on the connected transaction
“Independent Financial Adviser”	Red Sun Capital Limited, a licensed corporation permitted to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the provision of Financial Assistance
“Independent Shareholder(s)”	shareholders of the Company other than those who have material interests in the connected transaction, being the Shareholders other than Mr. Wu and his associates
“Investor” or “Ping An”	China Ping An Insurance Overseas (Holdings) Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of Ping An Insurance (Group) Company of China, Ltd., whose shares are listed on the Main Board of the Stock Exchange (stock code: 2318)
“Issuer” or “Jiayao”	Jiayao Global Investments Limited (嘉耀(國際)投資有限公司), a limited liability company incorporated in the British Virgin Islands which is indirectly wholly-owned and controlled by Mr. Wu, and therefore a connected person of the Company. It is a controlling shareholder of DIT, and is indirectly wholly-owned by Drawin Intelligent Manufacture
“Issuer Group”	the Issuer and its subsidiaries, which includes the DIT Group
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Loss”	any liability, damages, cost, claim, loss or expense (including without limitation, legal fees, costs and expenses and any value added tax thereon)
“Mr. Wu”	Mr. Wu Po Sum, the chairman of the Company, an executive Director and a controlling shareholder of the Company, and indirectly wholly-owns and controls the Issuer
“Obligations”	has the meaning ascribed to it in the section headed “Deed of Guarantee” in this announcement
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Shareholder(s)”	holder(s) of Shares from time to time
“Shares”	the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 12 February 2020 entered into between the Issuer, the Guarantors and the Investor in connection with the subscription of the Bonds
“Subsidiary Guarantors”	<ul style="list-style-type: none"> (i) Ahead Properties Limited, a company incorporated in Hong Kong; (ii) Artstar Investments Limited, a company incorporated in the British Virgin Islands; (iii) Bumper Up Limited, a company incorporated in the British Virgin Islands; (iv) Central China Properties Development Limited, a company incorporated in Hong Kong;

- (v) Central China Real Estate Holdings Limited, a company incorporated in the British Virgin Islands;
- (vi) Central China Real Estate Investments Limited, a company incorporated in Hong Kong;
- (vii) Construction Premier Service Limited, a company incorporated in Hong Kong;
- (viii) Country Star Holdings Limited, a company incorporated in Hong Kong;
- (ix) Joy Ascend Holdings Limited, a company incorporated in the British Virgin Islands;
- (x) Abundant Well Limited, a company incorporated in Hong Kong;
- (xi) Cheer World Limited, a company incorporated in Hong Kong;
- (xii) Leapup Limited, a company incorporated in the British Virgin Islands;
- (xiii) Precise Wish Limited, a company incorporated in Hong Kong;
- (xiv) Proud Sky Investments Limited, a company incorporated in the British Virgin Islands; and
- (xv) Sino Joy Enterprises Limited, a company incorporated in the British Virgin Islands,

each of which is a subsidiary of the Company

“Terms and Conditions”

the terms and conditions of the Bonds

“Trust Deed”

the trust deed to be entered into by the Issuer and the Trustee relating to the Bonds

“Trustee”

DB Trustees (Hong Kong) Limited

“USD” or “US\$” United States dollars, the lawful currency of the United States of America

“%” per cent

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

Hong Kong, 12 February 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*