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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)

**CLARIFICATION ANNOUNCEMENT
CONNECTED TRANSACTIONS –
PROVISION OF CORPORATE GUARANTEE**

Reference is made to the announcement (the “**Announcement**”) of the Company dated 24 December 2019 in relation to the provision of the Corporate Guarantee for Henan Hongdao in respect of the Loan, which constituted a connected transaction of the Company subject to the reporting and announcement requirements under the Listing Rules. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

According to the disclosures made in the Announcement, the Company addressed that (i) the 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 (ii) the primary reason for providing the Corporate Guarantee for Henan Hongdao in respect of the Loan was to enable Drawin Intelligent Manufacture to obtain funds for development, with a view 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.

The Company would like to clarify and supplement the following information in respect of certain disclosures made in the Announcement for the Shareholders' information:

The view of the Board

In regards the Directors' view that the terms of the Deed of Guarantee Arrangement and the Corporate Guarantee Agreement (including the guarantee fees) were entered into on normal commercial terms, when determining the guarantee fees, 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 its asset-backed securities in the amount of RMB650,000,000 in return for a service fee equivalent to 1% of the guaranteed amount.

In view of the similarity of the background of the two transactions, the then and recent market conditions and applicable interest rates being similar and comparable, as well as the guarantee fees entitled by the Group being the same, the Directors (including independent non-executive Directors) maintain their view set out in the Announcement that terms of the Deed of Guarantee Arrangement and the Corporate Guarantee Agreement 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 Guarantee and the purpose of the Loan

The Company would like to elaborate and clarify that the primary reason of providing the Corporate Guarantee is to facilitate Henan Hongdao Business Information Consultancy Co., Ltd.* (河南弘道商務信息諮詢有限公司) ("**Henan Hondao**", a company indirectly wholly-owned by Mr. Wu, and the indirect sole shareholder of Drawin Intelligent Manufacture) to obtain the Loan to refinance the fund it used for its acquisition of Drawin Intelligent Manufacture (the "**Acquisition**"). The Company is of the view that the Acquisition will facilitate the Group to ensure stable, steady and continuous supply of quality prefabricated components/associated construction services, and most importantly at reasonable price, given that the Group has increasing demand in quality prefabricated components.

Drawin Intelligent Manufacture and its subsidiaries (the “**Drawin Group**”), 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. To the best knowledge of the Company, the Drawin Group have completed construction projects across some 20 provinces covering more than 40 cities in the PRC, they also hold various certifications/qualifications/registrations, including among others, First-grade qualification for construction main contractor* (建築工程施工總承包壹級) and High and new technological enterprise status* (高新技術企業資質) .

Following the Acquisition, the Company and Drawin Intelligent Manufacture have entered into a cooperation framework agreement (which was renewed in December 2019 for a term of three years ending in December 2022, subject to the approval of the independent Shareholders), pursuant to which the Drawin Group will provide various services and construction materials, including prefabricated components to the Group for its real estate project throughout its terms. Please refer to the announcements of the Company dated 13 November 2019 and 30 December 2019 for details of the transaction. The Company wishes to make the above elaboration and clarification after re-visited the Announcement in order to give the Shareholders a better picture of the background of the transaction.

Save for the information above, the contents of the Announcement remain unchanged.

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

Hong Kong, 20 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