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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)

VOLUNTARY ANNOUNCEMENT

MEMORANDUM OF UNDERSTANDING IN RELATION TO POTENTIAL INVESTMENT

This announcement is made by Central China Real Estate Limited (the “**Company**”) on a voluntary basis.

POTENTIAL INVESTMENT

The board of directors (the “**Directors**”) of the Company (the “**Board**”) is pleased to announce that on 28 June 2021, the Company’s indirect wholly-owned subsidiary, Central China Real Estate Group (China) Company Limited (建業住宅集團(中國)有限公司) (the “**Purchaser**”) entered into a memorandum of understanding (“**MOU**”) with the potential vendors (the “**Vendors**”), pursuant to which the Vendors intend to sell and the Purchaser intend to acquire a majority of the equity interests and the corresponding owners’ equity thereof in Xi’an Ronghua Group Co., Limited* (西安榮華集團有限公司) (the “**Target Company**”) (the “**Potential Investment**”). The terms and conditions of the Potential Investment are subject to further negotiations between the parties thereof, which has not been finalised as at the date of this announcement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendors are third parties independent of the Company and its connected persons (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) as at the date of this announcement.

Due Diligence

The Purchaser will be entitled to conduct due diligence review on the Target Company in respect of its financial, legal and other matters.

Consideration

It is contemplated that the consideration for the Potential Investment will be satisfied by a combination of cash and the issuance of new shares of the Company. The amount of the consideration for the Potential Investment and the method in which the consideration is to be satisfied will be subject to further negotiations between the parties to the MOU.

It is further contemplated that if the Potential Investment is materialised, the Vendors may have a right to nominate one person as a director of the Company in accordance with the memorandum and articles of association of the Company and subject to compliance with applicable laws and regulations including the Listing Rules. The terms and conditions of the Potential Investment are still under negotiation, and no definitive legally binding agreement(s) in connection with the Potential Investment has been entered into by the parties to the MOU as at the date of this announcement.

Exclusivity

The Vendors agreed that they will not, nor will they allow their respective related parties, subsidiaries, directors, officers, agents and/or intermediaries to directly or indirectly engage in any discussion, or enter into any memorandum of understanding, letter of intent or other similar agreement with any other party with respect to the company(ies) and/or project(s) that fall within the scope of the Potential Investment during the 180 business days after the signing of the MOU (the "**Exclusivity Period**"), and the Exclusivity Period may be extended upon the written agreement of the Vendors and the Purchaser.

Formal Agreement

The Potential Investment is subject to, among other things, the negotiation, finalisation and signing of formal definitive agreement(s) (the “**Formal Agreement**”) in connection with the Potential Investment. The Potential Investment, if materialised, may constitute a notifiable transaction of the Company under the Listing Rules. Further announcement(s) in relation to the Potential Investment will be made by the Company as and when appropriate in accordance with the Listing Rules.

Legal Effect

The MOU is not legally binding on the parties thereto save for certain provisions including those relating to the Exclusivity Period, confidentiality and governing law.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MOU

The Target Company is a leading real estate developer in Xi’an city, the capital of Shaanxi Province in China which has delivered development projects with an accumulated aggregate gross floor area of approximately 8 million square metres. Drawing upon its intellectualised, functional and individualised features, the Target Company stays at the forefront of the market in the Xi’an real estate development industry. Leveraging on the reputation, resources, and the experience of the Target Company in the real estate development industry in Xi’an city, the Directors consider that the Potential Investment is in line with the Company’s Great Central China strategy, and can create a synergy effect with the Company and its subsidiaries (collectively, the “**Group**”) in the development of real estate projects in the Central China Economic Region, offering an array of products and services for cities located in Great Central China and thus resonating with the urban and regional development. The Directors are also of the view that the Potential Investment will allow the Group to further expand and diversify its business operations, help promote the urbanisation process of the Central China Economic Region and the overall social progress, and contribute to the healthy development of China’s real estate industry.

Shareholders and potential investors of the Company should note that the Potential Investment may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 28 June 2021

As at the date of this announcement, the Board comprises nine Directors, of which Mr. Wu Po Sum, Mr. Wang Jun and Mr. Yuan Xujun are executive Directors, Mr. Lim Ming Yan, Ms. Wu Wallis (alias Li Hua) and Ms. Chen Ying 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*