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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)

**INSIDE INFORMATION
PROPOSED PARTIAL SALE OF SHARES BY
CONTROLLING SHAREHOLDER;
AND PROPOSED ISSUE OF 5% GUARANTEED
CONVERTIBLE BONDS DUE 2024 UNDER
GENERAL MANDATE**

This announcement is made by the Company pursuant to the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance and Rule 13.09(2)(a) of the Listing Rules.

Central China Real Estate Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces that on 1 June 2022 (after trading hours), the Company, Joy Bright Investments Limited (“**Joy Bright**”) and Henan Tongsheng Zhiye Co., Ltd. (河南同晟置業有限公司, the “**Investor**”) entered into a framework agreement (the “**Framework Agreement**”), under which, (i) subject to the execution of a definitive agreement between Joy Bright and the Investor (the “**Definitive SPA**”), Joy Bright would sell to the Investor 860,000,000 shares of the Company (the “**Share(s)**”); and (ii) subject to the execution of a definitive subscription agreement between the Company and the Investor (the “**Definitive Subscription Agreement**”), the Investor will subscribe for the convertible bonds due 2024 in the principal amount of up to HK\$708 million with a coupon rate of 5% and a yield to maturity of 9% issued by the Company (the “**Convertible Bonds**”).

THE PROPOSED PARTIAL SALE OF SHARES

Subject to the terms and conditions of the Definitive SPA, Joy Bright proposed to sell and the Investor proposed to purchase 860,000,000 Shares, representing 29.01% of the entire issued share capital of the Company at a consideration of up to HK\$0.80 per Share, representing a premium of approximately 23.1% as compared to the closing price of the Shares on 1 June 2022 (being the date of this announcement).

The aggregate consideration of approximately HK\$688 million is expected to be settled in cash. Joy Bright has agreed to provide a shareholder loan upon receipt of the said consideration to supplement the Company’s working capital. The sale of such Shares is subject to customary completion conditions as further set out in the Definitive SPA.

THE PROPOSED ISSUANCE OF CONVERTIBLE BONDS

Subject to conditions and terms under the Definitive Subscription Agreement and compliance with the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange (the “**Stock Exchange**”), the Company propose to issue and the Investor proposed to subscribe for the Convertible Bonds. The Convertible Bonds is expected to bear interest of 5% per annum and mature on the date falling 24 months from the issue date, and such Convertible Bonds may be extended for another 12 months by mutual agreement. The issuance of the Convertible Bonds is subject to customary completion conditions as further set out in the Definitive Subscription Agreement.

Subject to certain restrictions and customary adjustment, holder of the Convertible Bonds is expected to have the right to convert all or a portion of the Convertible Bonds into Shares at the initial conversion price of not higher than HK\$1.20. Upon full conversion of the Convertible Bonds at the initial conversion price, a total of approximately 590,000,000 conversion Shares may be issued, representing approximately 19.90% of the Company's existing total issued Shares and approximately 16.60% of the Company's total issued Shares as enlarged by the issue of the conversion Shares (assuming there is no other changes in the Company's issued Shares). It is expected that the conversion Shares will be issued pursuant to the general mandate granted at the Company's annual general meeting on 31 May 2022.

DEFINITIVE AGREEMENT

The Definitive SPA and the Definitive Subscription Agreement should be entered into on or before 1 July 2022. Conditions precedent to the execution of the Definitive SPA and the Definitive Subscription Agreement include but not limited to (i) obtaining approvals or confirmations from relevant government authorities and the Stock Exchange and obtaining internal and external authorizations and approvals by the respective parties; (ii) completion of due diligence to the satisfaction of the Investor; and (iii) the Company has not issued any Shares or other securities (other than Shares to be issued under the Company's existing share option scheme) without the consent of the Investor. Should the relevant parties fail to enter into the Definitive SPA and/or Definitive Subscription Agreement by 1 July 2022 and the parties fail to reach further extension arrangements, their relevant rights and obligations under the Framework Agreement shall cease thereafter.

INFORMATION ABOUT THE PARTIES

The Company is a company incorporated in the Cayman Islands and is listed on the main board of the Stock Exchange. The Group is principally engaged in real estate development and sales in Henan Province, the PRC.

Joy Bright is a company incorporated in the British Virgin Islands and is principally engaged in investment holding. As of the date of this announcement, Joy Bright directly owns 2,078,036,867 Shares, representing approximately 70.11% of the total issued Shares, and is the controlling Shareholder of the Company. Joy Bright is solely and beneficially owned by Mr. Wu Po Sum, the chairman of the Board and an executive Director of the Company.

The Investor is a company established in the PRC and is principally engaged in real estate development and operation, and hotel management. The Investor is wholly-owned by Henan Railway Construction & Investment Group Co., Ltd. (河南省鐵路建設投資集團有限公司) which is in turn wholly owned by the Henan Provincial People's government. The Investor and its shareholders are independent third parties who are independent from the Company and its connected persons (as defined under the Listing Rules).

The proposed sale and purchase of the Shares and the subscription of the Convertible Bonds described in this announcement are subject to the relevant parties entering into and fulfillment of certain conditions to be set out in the Definitive SPA and Definitive Subscription Agreement, respectively, and therefore may or may not take place. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 1 June 2022

As at the date of this announcement, the Board comprises eight Directors, of which Mr. Wu Po Sum and Mr. Wang Jun 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*