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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 TRANSACTION AND  
CONNECTED TRANSACTION  
ACQUISITION OF 49% EQUITY INTERESTS  
IN THE TARGET COMPANY**

**EQUITY TRANSFER AGREEMENT**

The Board is pleased to announce that on 28 June 2021 (after trading hours), Henan Longyu (as the buyer) entered into the Equity Transfer Agreement with Jiaxing Qianyuan (as the seller) etc., in relation to the Acquisition, pursuant to which the Company has agreed to acquire the Sale Equity from Jiaxing Qianyuan at the total consideration of RMB400,962,388.

As at the date of this announcement, Henan Longyu and Jiaxing Qianyuan own 51% and 49% of the equity interest in the Target Company, respectively. Upon completion of the Acquisition, Henan Longyu will own all the equity interest in the Target Company, and the Target Company will become an indirect wholly owned subsidiary of the Company.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more applicable percentage ratios in respect of the transactions contemplated under the Equity Transfer Agreement are more than 5% but less than 25%, the entering into of 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.

As Jiaxing Qianyuan was a substantial shareholder of the Target Company, an indirect non-wholly owned subsidiary of the Company as at the date of this announcement, Jiaxing Qianyuan was a connected person of the Company at the subsidiary level. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, as (i) the Board has approved the Acquisition; and (ii) the Directors, including the independent non-executive Directors, have confirmed that the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements.

## **INTRODUCTION**

The Board is pleased to announce that on 28 June 2021 (after trading hours), Henan Longyu (as the buyer) entered into the Equity Transfer Agreement with Jiaxing Qianyuan (as the seller) etc., in relation to the Acquisition, pursuant to which the Company has agreed to acquire the Sale Equity from Jiaxing Qianyuan at the total consideration of RMB400,962,388.

As at the date of this announcement, Henan Longyu and Jiaxing Qianyuan own 51% and 49% of the equity interest in the Target Company, respectively. Upon completion of the Acquisition, Henan Longyu will own all the equity interest in the Target Company, the Target Company will become an indirect wholly owned subsidiary of the Company, and the financial results of the Target Company will continue to be consolidated into the financial results of the Group.

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

## **EQUITY TRANSFER AGREEMENT**

- Date: 28 June 2021 (after trading hours)
- Parties:
- (1) Henan Longyu (as the buyer)
  - (2) Jiaxing Qianyuan (as the seller);
  - (3) Target Company; and
  - (4) CCRE China

### **Consideration**

The Group shall pay the total consideration of RMB400,962,388 in respect of the Sale Equity to Jiaxing Qianyuan.

The consideration was determined after arm's length negotiations between Henan Longyu and Jiaxing Qianyuan 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 development and prospect of the Target Land Parcel; and (iv) the other factors set out in the section headed “– Reasons for and Benefits of the Acquisition” in this announcement.

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

### **Completion and Payment**

In respect of the payment terms of the Acquisition, Henan Longyu shall pay the initial portion of the total consideration in the amount of approximately RMB263,013,734 to Jiaxing Qianyuan before 30 June 2021, and Henan Longyu or CCRE China shall pay the second portion of the total consideration in the amount of approximately RMB137,948,654 to Jiaxing Qianyuan before 2 July 2021.

In respect of the completion of the Acquisition, Jiaxing Qianyuan shall cooperate with Henan Longyu and the Target Company to complete the change in business registration related to the Transfer within 5 business days from the date when Henan Longyu paid the initial portion of the total consideration in full in accordance with the Equity Transfer Agreement.

The date when the second portion of the total consideration is paid is determined as the Closing Date of the Acquisition (the “**Closing Date**”). Prior to the Closing Date, Jiaxing Qianyuan would still be a shareholder of the Sale Equity, and would be entitled to relevant shareholders’ rights and obligations. After the Closing Date, Henan Longyu, as a shareholder of the Sale Equity, would be entitled to relevant shareholders’ rights and obligations. Prior to the Closing Date, the rights and interests of Jiaxing Qianyuan (as a shareholder of the Target Company) as well as its obligations, liabilities and risks of shareholder property nature are included in the consideration of the Sale Equity. Henan Longyu and/or the Target Company shall not claim additional shareholder dividends and/or rights and interests of other property nature against Jiaxing Qianyuan, nor shall it require Jiaxing Qianyuan to assume obligations, liabilities or risks of other property nature.

## **INFORMATION OF THE TARGET COMPANY**

The Target Company is a company incorporated in the PRC with limited liability on 10 July 2020, whose registered capital is RMB771,428,571 as at the date of this announcement, and is principally engaged in the development, operation and rental of real estate in Zhengzhou City of Henan Province. To the best knowledge of the Company, Jiaxing Qianyuan subscribed for an additional registered capital of RMB298.2 million of the Target Company on 25 September 2020, and subscribed for an additional registered capital of RMB79.8 million of the Target Company on 22 December 2020.

Currently, the Target Group is principally developing a large-scale residential project named Junlin Grand Courtyard • Pine Garden, which wholly covers an area of 123 Chinese-mu. This project is expected to be developed in the second half of 2021 and the sales will commence in 2022.

The audited net assets and total assets of the Target Company as at 31 December 2020 are set out as follows:

	<b>As at 31 December 2020 RMB</b>
Net assets	771,359,000
Total assets	2,666,287,000

The audited net losses before and after tax for the year ended 31 December 2020 are set out as follows:

	<b>For the year ended 31 December 2020 RMB</b>
Losses (before tax)	70,000
Losses (after tax)	70,000

The details of the Target Land Parcel owned by the Target Group 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 certificate no.	Location	Usage	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
Type II residential land (R2)	Zheng Zheng Dong Chu [2018]25	Yu (2019) Zhengzhou Shi Bu Dong Chan Quan No. 0288892	East of Jiuru East Road, South of Ruyihe East Second Street	Urban Residential	9 June 2089	64,692.24	100%

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Target Group is the legal and beneficial owner of the Target Land Parcel, which is going to be developed into a large-scale residential property project. It is estimated that the total planned construction area is approximately 110,000 sq.m. and the total site area is approximately 123 Chinese-mu. The Group principally focuses on developing residential property projects, and regards developing residential and commercial projects as part of its strategy. As at 31 December 2020, 68.48% of the Group's land reserves were allocated for residential property projects. In the Acquisition and its subsequent development, the Target Land Parcel will be developed into a residential property project, to further enhance the Group's investment portfolio and broaden its engagement in the property market of Henan Province. Meanwhile, as the Target Land Parcel are located in one of the prime sites of Zhengzhou City, the capital of Henan Province, and the Directors consider that the property market of Henan Province has promising prospects for potential returns, the Acquisition will increase the share of the Group's interest in the Target Land Parcel through the Target Company, thereby maintaining the Group's competitiveness in the residential property sector in Henan Province, which is positive for the Group's future development and strategic planning. The Directors are of the view that the Group's increased holdings of the equity interests in the Target Company through the Acquisition will enable it to share more economic benefits from the Target Company's future business development.

After taking into account the above, the Directors (including independent non-executive 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.

Henan Longyu is principally engaged in real estate development and operation as well as property tenancy in Henan Province, the PRC, and is an indirect wholly-owned subsidiary of the Group.

To the best knowledge, information and belief of the Directors after making all reasonable enquiries, as of the date of this announcement: (i) Jiaxing Qianyuan's executive partner is Shanghai Zhongcheng Era Equity Investment Fund Management Co., Ltd.\* (上海中城年代股權投資基金管理有限公司), which is wholly owned by Shanghai Zhongcheng Future Investment Co., Ltd. \* (上海中城未來投資有限公司), which is held as to approximately 83.33% equity interests by Shanghai CURA Investment Management Co., Ltd\* (上海中城聯盟投資管理股份有限公司). The largest shareholder of Shanghai CURA Investment Management Co., Ltd is Jiangxi YiDa Investment and Development Co., Ltd.\* (江西益達投資發展集團有限公司), which holds 4.71% of its equity interests. The largest shareholder of Jiangxi YiDa Investment and Development Co., Ltd. is Xia Gang, who holds 65% of its equity interests; (ii) Jiaxing Qianyuan's limited partner is Shanghai Zhongcheng Honor Equity Investment Fund Management Co., Ltd.\* (上海中城榮耀股權投資基金管理有限公司), which holds 99.8747% of its shares and is wholly owned by Shanghai Zhongcheng Future Investment Co., Ltd. As Jiaxing Qianyuan was a substantial shareholder of the Target Company, an indirect non-wholly owned subsidiary of the Company as at the date of this announcement, Jiaxing Qianyuan was a connected person of the Company at the subsidiary level. Save as disclosed above, to the best knowledge, information and belief of the Board after making all reasonable enquiries, Xia Gang, the ultimate beneficial owner of Jiaxing Qianyuan, is an Independent Third Party.

CCRE China is principally engaged in real estate development, sales and investment in Henan Province, the PRC, and is an indirect wholly-owned subsidiary of the Group.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more applicable percentage ratios in respect of the transactions contemplated under the Equity Transfer Agreement are more than 5% but less than 25%, the entering into of 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.

As Jiaxing Qianyuan was a substantial shareholder of the Target Company, an indirect non-wholly owned subsidiary of the Company as at the date of this announcement, Jiaxing Qianyuan was a connected person of the Company at the subsidiary level. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, as (i) the Board has approved the Acquisition; and (ii) the Directors, including the independent non-executive Directors, have confirmed that the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements.

None of the Directors had any material interest in the Acquisition, nor shall they be required to abstain from voting on the resolution of the Board of the Company approving the Acquisition.

## DEFINITIONS

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

“Acquisition”	Acquisition of Sale Equity from Jiaxing Qianyuan by Henan Longyu pursuant to the terms and conditions of the Equity Transfer Agreement
“Board”	the board of Directors of the Company
“CCRE China”	Central China Real Estate Group (China) Company Limited* (建業住宅集團(中國)有限公司), a company incorporated in the PRC, a wholly foreign-owned enterprise and an indirect wholly-owned subsidiary 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 28 June 2021 entered into among Henan Longyu (as the buyer), Jiaxing Qianyuan (as the seller), CCRE China and the Target Company in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Henan Longyu”	Henan Longyu Real Estate Development Limited* (河南龍宇房地產開發有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“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
“Jiaxing Qianyuan”	Jiaxing Qianyuan Equity Investment Partnership (L.P.)* (嘉興乾緣股權投資合夥企業(有限合夥)), a limited liability partnership incorporated under the laws of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Sale Equity”	49% of the equity interest in the Target Company owned by Jiaxing Qianyuan as at the date of this announcement
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares with a nominal value of HK\$0.10 each in the share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Zhengzhou Jianyong Real Estate Co., Ltd.* (鄭州建永置業有限公司), a company incorporated in the PRC with limited liability, and as at the date of this announcement, held as to 51% and 49% by Henan Longyu and Jiaxing Qianyuan, respectively, and an indirect non-wholly owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiaries
“Target Land Parcel”	a land parcel located in Zhengzhou City, Henan Province, details of which are set out in the paragraph headed “Information of the Target Company” of this announcement
“%”	per cent

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*