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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 100% EQUITY INTEREST
IN THE TARGET COMPANY**

EQUITY TRANSFER AGREEMENT

On 14 December 2018 (after trading hours), Joy Ascend Holdings (as the purchaser) and Joy Bright Investments (as the vendor) entered into the Equity Transfer Agreement, pursuant to which Joy Ascend Holdings has agreed to acquire the 100% equity interest in the Target Company at a consideration of RMB765,000,000 (equivalent to approximately HK\$867,433,500), which shall be paid in cash. Upon completion of the Acquisition, the Group will hold 100% equity interest in the Target Company and the Target Company will become a wholly-owned subsidiary of the Company.

IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, Mr. Wu directly holds 100% equity interest in Joy Bright Investments and is a controlling shareholder and connected person of the Company. Therefore, Joy Bright Investments is an associate of Mr. Wu and is thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As stated in the 2018 September Announcement, Joy Ascend Holdings and Joy Bright Investments entered into the Jujia Equity Transfer Agreement on 24 September 2018. Pursuant to Rules 14.22 and 14A.81 of the Listing Rules, the transactions contemplated under the Jujia Equity Transfer Agreement and the Equity Transfer Agreement will be aggregated. As the relevant applicable percentage ratios for the Jujia Equity Transfer Agreement and the Equity Transfer Agreement in aggregate are more than 5% but less than 25%, (i) the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules; and (ii) the Acquisition is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee, comprising all independent non-executive Directors, has been established to advise the Independent Shareholders on the fairness and reasonableness of the terms of the Equity Transfer Agreement and the Acquisition and on how to vote on the resolution(s) to be proposed at the EGM taking into account the recommendation of the independent financial adviser. Messis Capital Limited has been appointed as the independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the same.

Completion of the Acquisition is subject to the fulfillment of certain conditions precedent set out in the Equity Transfer Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

EQUITY TRANSFER AGREEMENT

On 14 December 2018 (after trading hours), Joy Ascend Holdings (as the purchaser) and Joy Bright Investments (as the vendor) entered into the Equity Transfer Agreement, pursuant to which Joy Ascend Holdings has agreed to acquire the 100% equity interest in the Target Company at a consideration of RMB765,000,000 (equivalent to approximately HK\$867,433,500), which shall be paid in cash. Prior to completion of the Acquisition, the Group did not hold any equity interest in the Target Company. Upon completion of the Acquisition, the Group will hold 100% equity interest in the Target Company and the Target Company will become a wholly-owned subsidiary of the Company.

Principal terms of the Equity Transfer Agreement are set out as follows:

Date	14 December 2018 (after trading hours)
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Parties	Joy Ascend Holdings (as the purchaser); and Joy Bright Investments (as the vendor)
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Since Mr. Wu directly holds 100% equity interest in Joy Bright Investments and is a controlling shareholder and connected person of the Company, Joy Bright Investments is an associate of Mr. Wu and is thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

Consideration	RMB765,000,000 (equivalent to approximately HK\$867,433,500), which shall be paid on or prior to the Completion Date
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Target Equity	the 100% equity interest in the Target Company
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Completion	The Acquisition shall be completed on or prior to the Completion Date. Shall any of the conditions to the Equity Transfer Agreement as set out in the section headed “Conditions Precedent” below have not been fulfilled or (as the case may be) waived, both parties may enter into a written agreement to extend the Completion Date or to terminate the Equity Transfer Agreement.
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Basis of the Consideration

Since the major assets of the Target Company is the Target Property, the consideration for the Target Company is determined by Joy Ascend Holdings and Joy Bright Investments on arm's length negotiations with reference to 90% of the valuation of the Target Property (i.e. RMB765,000,000). The valuation of the Target Property as at 30 November 2018 was RMB850,000,000, as determined by Savills Valuation and Professional Services Limited, a professional valuer which is independent of the Company and its connected persons, based on the market value of the Target Property as arrived at using the direct comparison approach. The consideration for the Target Company is proposed to be financed with the Group's internal resources.

Conditions Precedent

The completion of the Acquisition is conditional on:

- (a) the warranties given by Joy Bright Investments in the Equity Transfer Agreement remaining true and accurate and not misleading in any material respect if they were repeated at any time prior to the completion of the Acquisition;
- (b) Joy Ascend Holdings having conducted the legal due diligence review of the Target Property to its satisfaction;
- (c) each party has received all other documents requested by the other party to be supplied and/or to be executed in respect of the Acquisition;
- (d) all necessary consents and approvals required on the part of Joy Ascend Holdings and/or Joy Bright Investments in respect of the Acquisition having been obtained (if any);
- (e) the Independent Shareholders having approved the ordinary resolution in respect of the terms and conditions of the Equity Transfer Agreement and the Acquisition at the EGM.

Joy Ascend Holdings may at its discretion waive any of the conditions set out in paragraphs (a) to (b) above. None of the party shall have the right to waive any of the conditions set out in paragraphs (c) to (e) above. As at the date of this announcement, none of the above conditions precedent has been fulfilled.

INFORMATION OF TARGET COMPANY AND TARGET PROPERTY

The Target Company is a company incorporated in the British Virgin Islands with limited liability and indirectly holds 90% of the effective interest in the Target Property through its interests in its direct wholly-owned subsidiary United China Management and indirect 90% owned subsidiary Zhengjing Land.

The Target Property comprises of a parcel of land with a site area of approximately 32,572 sq.m. on which a mixed development, including office building developments, hotel and public facilities, are proposed to be built. It is currently expected that the Target Property will have a total gross floor area of approximately 228,774 sq.m. upon completion of its development. The Target Property is situated at the west of Chaofeng Road and the North of Jingnan 5th Side Road in Economic and Technological Development Zone, Zhengzhou, Henan province, the PRC.

FINANCIAL INFORMATION OF THE TARGET COMPANY

The unaudited financial information of the Target Company is set out as follows:

	For the year ended		For the
	31 December		six months
	2016	2017	ended
	<i>(HK\$)</i>	<i>(HK\$)</i>	30 June 2018
			<i>(HK\$)</i>
Net loss before taxation for the period	N/A	(11,592)	–
Net loss after taxation for the period	N/A	(11,592)	–

As at 30 June 2018, the unaudited net liabilities and unaudited total assets of the Target Company amounted to approximately HK\$(11,584) and HK\$1, respectively. Both figures did not take into account the value of the Target Property since the same was acquired by the Target Company after the accounting date at the consideration of RMB765,000,000. Based on the valuation report prepared by Savills Valuation and Professional Services Limited, the valuation of the Target Property as at 30 November 2018 was RMB850,000,000.

FINANCIAL INFLUENCE OF THE ACQUISITION ON THE GROUP

Immediately upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company. Its financial results will be consolidated into the consolidated financial statements of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE EQUITY TRANSFER AGREEMENT

The Target Property is located in a prime location of Zhengzhou which is around 20 minutes' and 15 minutes' driving distance to Zhengzhou Xingzheng International Airport and the downtown of Zhengzhou respectively. In light of its location, the Group intended to develop the Target Property to a mixed development which involves both landmark office buildings, hotel and public facilities and has obtained the relevant approval in respect of the said land uses from the relevant governmental authorities. It is the current plan that after the completion of the development of the Target Property, part of the office buildings will be used by the Group as its office while the rest will be made available for rent and on the other hand the hotel will be operated by the Group itself.

In light of the potential return of the commercial property market of Henan province, numerous real estate developers have entered the market. The Group is primarily focusing on development of residential properties, while development of commercial properties and hotels also form part of the Group's strategy. As of 31 December 2017, 72.9%, 8.0% and 0.8% of the Group's land reserves were allocated to residential, commercial and hotel development projects respectively. The Acquisition and the subsequent development of the Target Property into a mixed development will enhance the Group's portfolio and widen its participation in the commercial property market of Henan province. The future development of the Target Property as one of the local landmark will also enhance the Group's brand name and diversify its income. The Company is of the view that it would be in the interest of the Company and its Shareholders as a whole to utilize its long established position in Henan province and to increase its stake in commercial property developments.

The Directors (including independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement and the Acquisition are on normal commercial terms or better to the Company and that the entering into of the Equity Transfer Agreement is in the interests of the Company and the Shareholders as a whole.

DIRECTOR'S INTEREST IN THE CONNECTED TRANSACTION

Joy Bright Investments is directly owned as to 100% by Mr. Wu. Mr. Wu is regarded as being interested in the Acquisition due to his interest in Joy Bright Investments and therefore has abstained from voting on the Board resolution approving the Equity Transfer Agreement. Save and except for the aforesaid, none of the Directors has any material interest in any of the Acquisition and was required to abstain from voting on the Board resolution to approve the same.

INFORMATION OF THE PARTIES

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

Joy Bright Investments is directly wholly-owned by Mr. Wu and is principally engaged in investment holding.

Joy Ascend Holdings is a wholly-owned subsidiary of the Company and is principally engaged in investment holding.

LISTING RULES IMPLICATION

As at the date of this announcement, Mr. Wu directly holds 100% equity interest in Joy Bright Investments and is a controlling shareholder and connected person of the Company. Therefore, Joy Bright Investments is an associate of Mr. Wu and is thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As stated in the 2018 September Announcement, Joy Ascend Holdings and Joy Bright Investments entered into the Jujia Equity Transfer Agreement on 24 September 2018. Pursuant to Rules 14.22 and 14A.81 of the Listing Rules, the transactions contemplated under the Jujia Equity Transfer Agreement and the Equity Transfer Agreement will be aggregated. As the applicable percentage ratios for the Jujia Equity Transfer Agreement and the Equity Transfer Agreement in aggregate are more than 5% but less than 25%, (i) the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements; and (ii) the Acquisition is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee, comprising all independent non-executive Directors, has been established to advise the Independent Shareholders on the fairness and reasonableness of the terms of the Equity Transfer Agreement and on how to vote on the resolution(s) to be proposed at the EGM taking into account the recommendation of the independent financial adviser. Messis Capital Limited has been appointed as the independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the same.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) details of the Equity Transfer Agreement and the Acquisition; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Equity Transfer Agreement and the Acquisition contemplated; (iii) a letter from Messis Capital Limited, the independent financial adviser of the Company, containing their advice to the Independent Board Committee and the Independent Shareholders on the terms of the Equity Transfer Agreement and the Acquisition; (iv) the valuation report of the Target Property; (v) the notice convening the EGM and a form of proxy; and (vi) other information as required under the Listing Rules, will be despatched to the Shareholders on or before 8 January 2019.

Completion of the Acquisition is subject to the fulfillment of certain conditions precedent set out in the Equity Transfer Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“2018 September Announcement”	the announcement of the Company dated 24 September 2018 in respect of the Jujia Acquisition
“Acquisition”	the acquisition of the Target Equity as contemplated under the Equity Transfer Agreement
“associate(s)”	has the meaning given to it under the Listing Rules
“Board”	the board of Directors of the Company
“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

“Completion Date”	15 February 2019 (or such later date as the parties to the Equity Transfer Agreement may agree in writing)
“connected person(s)”	has the meaning given to it under the Listing Rules
“controlling shareholder(s)”	has the meaning given to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider the resolution to approve the Equity Transfer Agreement and the Acquisition by the Independent Shareholders
“Equity Transfer Agreement”	the agreement dated 14 December 2018 entered into between Joy Ascend Holdings and Joy Bright Investments in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive Directors, namely Mr. Cheung Shek Lun, Mr. Xin Luo Lin and Dr. Sun Yuyang, formed to advise the Independent Shareholders as to the Equity Transfer Agreement and the transaction contemplated thereunder
“Independent Shareholders”	Shareholders other than Mr. Wu and his associates
“Joy Bright Investments”	Joy Bright Investments Limited, a company incorporated in the British Virgin Islands with limited liability and held as to 100% by Mr. Wu directly, and the vendor under the Equity Transfer Agreement

“Joy Ascend Holdings”	Joy Ascend Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company and the purchaser under the Equity Transfer Agreement
“Jujia Acquisition”	the acquisition of Jujia Investment Co., Ltd. (巨佳投資有限公司), a company incorporated in the British Virgin Islands with limited liability, from Joy Bright Investments by Joy Ascend Holdings pursuant to the Jujia Equity Transfer Agreement, which constituted a discloseable transaction under Chapter 14 of the Listing Rules and the detail of which are set out in the 2018 September Announcement
“Jujia Equity Transfer Agreement”	the equity transfer agreement entered into between Joy Bright Investments and Joy Ascend Holdings dated 24 September 2018 in respect of the Jujia Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wu”	Mr. Wu Po Sum, the Chairman, an executive Director and a controlling shareholder of the Company and as at the date of this announcement holds 100% equity interest in Joy Bright Investments
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Shares
“Shares”	the shares of the Company
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Pacific Prestige Holdings Limited (和威控股有限公司), a company incorporated in the British Virgin Islands with limited liability
“Target Equity”	the 100% equity interest in the Target Company
“Target Property”	the parcel of land situated at the west of Chaofeng Road and the south of Tiychang South Road in Economic and Technological Development Zone, Zhengzhou, Henan province, the PRC, which 90% of its effective interests are held indirectly by the Target Company
“United China Management”	United China Management Limited (華源管理有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company
“Zhengjing Land”	河南建業鄭經置業有限公司 (Henan Jianye Zhengjing Land Co., Ltd.*), a company incorporated in the PRC with limited liability and the holder of the Target Property, an indirect subsidiary of the Target Company which its equity interests is held as to 90% and 10% by United China Management and an independent third party respectively
“%”	per cent

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

Hong Kong, 14 December 2018

For the purpose of this announcement, translations of Renminbi into Hong Kong dollars or vice versa have been calculated by using an exchange rate of RMB1.00 equal to HK\$1.1339. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

As at the date of this announcement, the Board comprises nine Directors, of which Mr. Wu Po Sum, Mr. Liu Weixing and Mr. Wang Jun are executive Directors, Mr. Lucas Ignatius Loh Jen Yuh, Mr. Puah Tze Shyang 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*